

3-4-2016

## Board of Directors Open Meeting - Packet 03/04/ 2016

UC Hastings Board of Directors

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HASTINGS  
COLLEGE  
OF THE LAW

**Open Meeting  
Board of Directors**

**March 4, 2016**

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## NOTICE OF MEETING

EVENT: Meeting of the University of California  
Hastings College of the Law Board of Directors

DATE: Friday, March 4, 2016

PLACE: UC Hastings College of the Law  
Alumni Reception Center  
200 McAllister Street, 2nd Floor  
San Francisco, CA 94102

STARTING TIME: 9:00 a.m.

AGENDA: See Attached

*This notice is available at the following University of California, Hastings College of the Law website address: <http://www.uchastings.edu/board>*

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*For further information please contact Elise Traynum, Secretary of the Board of Directors, 198 McAllister Street, San Francisco, CA 94102, (415) 565-4787. You are encouraged to inform Ms. Traynum of your intent to speak during the public comment period 72 hours in advance of the meeting.*

*The University of California, Hastings College of the Law subscribes to the Americans with Disabilities Act. Please contact the Secretary's Office by 10 a.m. on Monday, February 29, 2016, for accommodations.*



**UNIVERSITY OF CALIFORNIA  
HASTINGS COLLEGE OF THE LAW**

**BOARD OF DIRECTORS**

**OPEN SESSION AGENDA**

March 4, 2016 - 9:00 a.m.

UC Hastings College of the Law  
200 McAllister Street  
Alumni Reception Center, 2<sup>nd</sup> Floor  
San Francisco, California

**1. ROLL CALL**

Chair Tom Gede  
Vice Chair Chip Robertson  
Director Donald Bradley  
Director Tina Combs  
Director Marci Dragun  
Director Claes Lewenhaupt  
Director Mary Noel Pepys  
Director Sandra Thompson

**2. PUBLIC COMMENT PERIOD**

**3. REPORT OF ASUCH PRESIDENT**

(Written)

**\*4. GENERAL CONSENT CALENDAR**

The following items are presented as the Consent Calendar. Anyone wishing to remove any item from the Consent Calendar for discussion and/or consideration may request that the Chair remove the item from the Consent Calendar. All remaining Consent Calendar items shall be approved by the Board of Directors in a single vote without discussion.

- \*4.1 Approval of Minutes: September 11, 2015 & December 4, 2015 (Written)
- \*4.2 Ratification of Employment Agreement/Acting Chancellor & Dean (Written)
- \*4.3 Resolutions Appointing Simona A. Agnolucci and Courtney Power to the UC Hastings Board of Directors (Written)



## **5. REPORT OF THE CHAIR OF THE EDUCATIONAL POLICY COMMITTEE**

**The following reports were presented and discussed at the Educational Policy Committee Meeting on February 11, 2016. These are listed below as informational items, and distributed in the agenda packet. The Provost and Academic Dean will give a brief introduction of each item and respond to questions if requested.**

- 5.1 Initial Assessment of Flexible JD Option (Written)
- 5.2 Admissions and Retention Plans (Written)
- 5.3 Update on Bar Passage Efforts (Written)
- 5.4 Update on Library and Technology Reorganization (Oral)
- 5.5 Provost and Academic Dean Report on Informational Items,  
Including Academic Programs and Student Services (Oral)

## **\*6. REPORT OF THE CHAIR OF THE ADVANCEMENT & COMMUNICATIONS COMMITTEE**

- \*6.1 Resolution Amending Standing Order 100.4(m) (2), Granting Authority to the Chancellor & Dean to Accept Gifts to the College of \$100K or Less in Lieu of the UC Hastings Board of Directors (Written)
- 6.2 **Report of Albert Abramson Professor Leo P. Martinez, Chair of the 333 Golden Gate Capital Campaign:**
  - \*6.2.1 Resolution Establishing the “Building UC Hastings Fund” (Written)
  - \*6.2.2 Resolution Fast-Tracking the Gift Acceptance Process (Written)
  - \*6.2.3 Resolution Regarding the Naming of UC Hastings Properties, Programs, and Facilities Procedures (Written)

**The following reports were discussed at the Advancement and Communications Committee Meeting on February 11, 2016. These are listed below as informational items, and distributed in the agenda packet. The Chief Fundraiser may give a brief introduction of each item and respond to questions if requested.**

- 6.3 Cy Pres Gifts (Written)
- 6.4 \$100K + Gifts & Pledges (Written)
- 6.5 Realized Planned Gifts (Written)
- 6.6 Fundraising Comparison Raised Report (Written)
- 6.7 Fundraising Comparison Received Report (Written)
- 6.8 Year-to-Date Gifts Comparison Report (Written)

## **\*7. FINANCE COMMITTEE CONSENT CALENDAR**

The Finance Committee Meeting was held at UC Hastings in the A. Frank Bray Conference Room, San Francisco, California, on Thursday, February 11, 2016 at 12:00 p.m. By unanimous vote, the Finance Committee submits the following Consent Calendar. Anyone wishing to pull any item from the Finance Consent Calendar to discuss or act on, may request the Chair to remove the item from the Finance Consent Calendar. All remaining Finance Consent Calendar items shall be approved by the Board of Directors in a single vote without discussion.

- \*7.1 State Budget Report as of December 5, 2015  
and Mid-Year Budget Changes (Written)
- \*7.2 State Contracts in Excess of \$50,000
  - 7.2.1 Software License Agreement – SpringCM (Written)
  - 7.2.2 Library Subscription – Thomson Reuters (Westlaw) (Written)
- \*7.3 Auxiliary Enterprises Budget Report as of December 31, 2015  
and Mid-Year Budget Changes (Written)
- \*7.4 Auditor Selection – Auditor Selection Committee Recommendation (Written)
- \*7.5 Nonstate Contracts in Excess of \$50,000
  - 7.5.1 Security Services – 100 McAllister Tower (Written)
- \*7.6 Nonstate Budget Changes
  - 7.6.1 Long Range Campus Plan (Written)
- \*7.7 Endowment Management – Spending Rate for 2016-17 (Written)
- \*7.8 Student Housing – Residential Rent Increases for 2016-17 (Written)

## **8. REPORT OF THE CHIEF FINANCIAL OFFICER**

- \*8.1 UC Office of Home Loans – Mortgage Origination Program (MOP) (Written)
- \*8.2 State Contracts over \$50,000
  - 8.2.1 Kane Hall Repurposing Project – MKthink (Written)
  - 8.2.2 Environmental Services – TRC (Written)

**The following reports were discussed at the Finance Committee Meeting on February 11, 2016. These are listed below as informational items, and distributed in the agenda packet. The Chief Financial Officer may give a brief introduction of each item and respond to questions if requested.**

- 8.3 Investment Report as of December 31, 2015 (Written)
- 8.4 State Budget Update – Governor’s Budget for 2016-2017 (Written)
- 8.5 Recommendations on Payroll and HR Policies and Procedures (Written)
- 8.6 Long Range Campus Plan – Draft Environmental Impact Report (Written)
- 8.7 Governor’s Renewable Energy Mandate – Solar Power Evaluation (Oral)
- 8.8 Report on Faculty and Staff Salaries over \$100,000 (Written)
- 8.9 List of Checks over \$50,000 (Written)

## **9. REPORT OF THE CHAIR**

- 9.1 Appointment of Director Simona A. Agnolucci and Courtney Power  
to Board Standing Committees (Oral)

**10. REPORT OF THE CHANCELLOR & DEAN**

- 10.1 Chancellor & Dean's Report (Oral)
- 10.2 Report on Recommended Payroll and Human Resources Policies by Moss Adams Consulting (Written)
- 10.3 Report on Action Taken in Closed Session Regarding Gifts and Appointments (Oral)
- 10.4 Other Informational Items: Academic Programs, Student Services, External Relations and Personnel (Oral)

**11. REPORT OF THE GENERAL COUNSEL**

- \*11.1 Request to Set New Date for the June Board of Directors Meeting (Written)
- 11.2 Report on 2016 Board of Directors/Faculty Retreat (Oral)

**12. DIRECTOR COMMENTS AND BOARD ANNOUNCEMENTS**

This is a time reserved for Directors who wish to briefly comment on Board matters, provide a reference to staff or other resources for factual information, or direct staff to place items on future agenda.

**13. THE BOARD WILL GO INTO CLOSED SESSION AT APPROXIMATELY 11:00 A.M.**

The Board will adjourn to the closed session to consider the items listed on the Closed Session Agenda. At the conclusion of the closed session, the Board will reconvene the Open Meeting prior to adjourning the meeting, to report on any actions taken in closed session for which a report is required by law.

- \*14. ADJOURNMENT** (Oral)



UNIVERSITY OF CALIFORNIA  
HASTINGS COLLEGE OF THE LAW

BOARD OF DIRECTORS

ROLL CALL  
Friday March 4, 2016

Meeting Start Time: \_\_\_\_\_

UC Hastings College of the Law  
Alumni Reception Center -2<sup>nd</sup> Floor  
200 McAllister Street  
San Francisco, CA 94102

Directors present in answer to roll call:

- ☐ Chair Thomas Gede
- ☐ Vice Chair Chip Robertson
- ☐ Director Donald Bradley
- ☐ Director Tina Combs
- ☐ Director Marci Dragun
- ☐ Director Claes Lewenhaupt
- ☐ Director Mary Noel Pepys
- ☐ Director Sandra Thompson

Meeting End Time: \_\_\_\_\_

**Public Comment Period**

This item is reserved for members of the public to comment on non-agenda and agenda items.

**REPORT ITEM**

1.     **REPORT BY:**             ASUCH President
2.     **REPORT:**             Report Enclosed

**ASSOCIATED STUDENTS OF THE UNIVERSITY OF CALIFORNIA, HASTINGS**  
**UC Hastings College of the Law – 200 McAllister Street, San Francisco, California 94102**  
Board of Directors Meeting – September 2015  
Fall Report – Nicholas Lansdown, ASUCH President

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Dear Board of Directors,

Below is an update of the events that ASUCH has coordinated and a list of student concerns.

## **Spring 2016 Events**

- **Alumni BOB** – On Thursday, 2/11 ASUCH partnered with the Alumni Center to host this event, the primary purpose was to give students an opportunity to cultivate professional relationships with our alumni in an informal setting. The secondary goal was fundraising; our hope was that alumni would be encouraged to give back to the College by engaging in an activity that they enjoyed as students. This event was a major success thanks to the hard work of Sara Tobin, Director of Community Affairs, and the Alumni Center.
- **Six-at-Sixes** – Several Six-at-Sixes have already taken place and ASUCH is well on its way to meeting its goal of hosting another 20-25 events this semester. Additionally, the External Vice President, Matthew Huzanieh, has obtained two internship opportunities to be filled by a UC Hastings student that participates at the respective 6@6. The first 6@6 is with Amanda Jancu '11 and the internship is at Prototypes, a nonprofit in Los Angeles. The second 6@6 is with Nathaniel Scheg '98 and the internship is at IronHorse Law Group, PC, a boutique law firm in Walnut Creek.
- **Day in Sacramento** – ASUCH has been working with CFO David Seward and Hastings Advocacy Committee to plan a trip the Fourth Annual Day in Sacramento. This event is scheduled for Tuesday April 5, 2016.
- **SharkByte Shout-Outs** – This is a bi-weekly nomination that ASUCH created last semester as a means to recognize UC Hastings students that have displayed exceptional leadership qualities in the areas of community building and professionalism. The ASUCH Executive Board gathers potential nominations through general student body submissions and internal submissions. The Executive Board then chooses one candidate per week and they are given a “Shout-out” in the next SharkByte. The SharkByte, itself, is akin to the Hastings Weekly and used to disseminate information that is strictly ASUCH related. An additional thank you is owed to the hard work of Samantha Acuna, our Director of Communications, who created the logo and distributes the SharkByte on a weekly basis.
- **Dodge ball Tournament** – Date TBD. ASUCH is hosting an organization dodge ball tournament to be used as a fundraiser and a community building activity. Organizations may provide multiple teams in the event and the winning team will receive a portion of the entry fee (roughly \$10/team of 6) for their respective organization. This manner of fundraising and community building surpasses a bake sale. Our Internal Vice President, Ryan Brodovsky, is coordinating this event.

## Student Concerns

- The Tower Elevators are consistently broken or are in a non-operative state. Students are beginning to feel as if UC Hastings' priorities are more focused on the project at 333 Golden Gate than they are concerned about the lack of maintenance that plagues the student's everyday lives.
- 3Ls are still worried about the Tower Move-Out date, which is still roughly 3 days.
- Many students are concerned with the seemingly "behind closed doors" discussions regarding Public Safety Officers and the apparent negotiations. The lack of student input, or the administrations failure to seek student input, has caused the ASUCH General Council to pass two different resolutions in support of Police officers over Security Guards. The brunt of their frustration culminate with the belief that "administration" did not make efforts to hear student concerns.
- As graduation approaches, many 3Ls have inquired about any potential hotel discounts for incoming family members. To the Graduating 3L's dismay, there are no partnerships or agreements with hotels in the area. I wanted to bring this to the board's attention because it could be mutually beneficial for the school and hotels in the surrounding area to offer a discounted rate for graduating students.

Respectfully submitted,

/s/ Nicholas Lansdown, President of  
ASUCH



**ACTION ITEM:**

**\*4. GENERAL CONSENT CALENDAR**

The following items are presented as the Consent Calendar. Anyone wishing to remove any item from the Consent Calendar for discussion and/or consideration may request that the Chair remove the item from the Consent Calendar. All remaining Consent Calendar items shall be approved by the Board of Directors in a single vote without discussion.

- \*4.1 Approval of Minutes: September 11, 2015 & December 4, 2015 (Written)
- \*4.2 Ratification of Employment Agreement/Acting Chancellor & Dean (Written)
- \*4.3 Resolutions Appointing Simona A. Agnolucci and Courtney Power  
to the UC Hastings Board of Directors (Written)



**UNIVERSITY OF CALIFORNIA  
HASTINGS COLLEGE OF THE LAW  
BOARD OF DIRECTORS  
OPEN SESSION  
MINUTES**

Friday, September 11<sup>th</sup>, 2015 – 9:00 a.m.

UC Hastings College of the Law  
Office of the General Counsel  
A. Frank Bray Board Room  
198 McAllister Street, Suite M115  
San Francisco, California

1. ROLL CALL

Directors Present

Chair Thomas Gede  
Vice Chair Chip Robertson  
Director Donald Bradley  
Director Tina Combs  
Director Maureen Corcoran  
Director Marci Dragun  
Director Claes Lewenhaupt ( via telephone)  
Director Chip Robertson  
Director Sandra Thompson

Directors Absent

Director Mary Noel Pepys  
Director Bruce Simon

Staff Present

General Counsel Elise Traynum  
Chancellor & Dean Frank H. Wu  
Provost & Academic Dean Elizabeth L. Hillman  
Chief Financial Officer David Seward  
Faculty Ex. Committee Chair Ascanio Piomelli  
Chief Fundraiser Eric Dumbleton  
Associate Academic Dean Heather Field  
Public Relations & Communications Alex Shapiro

After welcoming everyone to the meeting, Chair Thomas Gede thanked past Chair, Carin Fujisaki, for her service to UC Hastings as a member of the Board of Directors. He announced that it was Director Fujisaki's last meeting as her term expires before the next regular meeting of the Board of Directors. Chair Gede informed everyone that Director Fujisaki will work with the Board on other tasks when she is no longer on the Board, including the faculty/board retreat planning. He noted that the Board would acknowledge Director Fujisaki, formally, at the Board holiday dinner on December 3<sup>rd</sup>. Other Directors expressed appreciation to Director Fujisaki, and everyone in the meeting room gave her a round of applause.

## 2. PUBLIC COMMENT PERIOD

Chair Thomas Gede opened the Public Comment Period. Hearing no requests from the public to speak, Chair Gede closed the Public Comment Period.

## 3. REPORT OF THE ASUCH PRESIDENT

### 3.1 Direction of ASUCH 2015-2016

ASUCH President Nicholas Lansdown discussed recent events, including a safety and sexual assault prevention panel discussion, and a Hastings Happy Hour. The rest was detailed in his written report that was presented to the Board.

- 3.1.1 Promote Community Development
- 3.1.2 Continue Promoting Hastings as an Institution
- 3.1.3 Student Concerns

Provost & Academic Dean Beth Hillman commented that she was grateful for the work that Nick Lansdown, ASUCH President, has been doing this year on a wide variety of programming efforts. She commended ASUCH for their cooperation in advancing the College's efforts to have a wider range of activities that don't involve alcohol. "Beer on the Beach," a long standing tradition of ASUCH, has been changed to "Beverages on the Beach". Non-alcoholic beverages are now provided for students in addition to beer.

## 4. GENERAL CONSENT CALENDAR

### 4.1 Approval of Minutes: June 5, 2015

Chair Thomas Gede called for approval of the June 5, 2015, Minutes. The Minutes were approved and ordered filed as distributed.

## 5. FINANCE COMMITTEE CONSENT CALENDAR

Director Donald Bradley, Chair of the Finance Committee, requested that item 5.1, the state budget for 2015-16, as well as item 5.6, the UC Mortgage Assistance Program be pulled from the Consent Calendar for discussion.

## 5.1 State Budget for 2015-16

Chief Financial Officer David Seward reported on the Finance Committee's discussion of the state budget package as presented. He explained that the state appropriation to UC Hastings for general fund support for 2015-2016 had increased by \$1,016,000, or 11% over the 2014-2015 appropriation. He noted an overall total deficit of about \$2.5 million. He added that the budget reflected adjustments discussed at the June Board meeting, including salary and wage adjustments and the budget did not reflect student tuition and fee increases

Upon motion duly made, seconded, and carried, the Board of Directors approved the State Budget for 2015-16.

## 5.2 Application Fees – Suspension for 2016 Recruitment Cycle

Upon motion duly made, seconded, and carried, the Board of Directors approved item 5.2 from the Finance Consent Calendar.

## 5.3 Non-State Budget for 2015-16

Upon motion duly made, seconded, and carried, the Board of Directors approved item 5.3 from the Finance Consent Calendar.

## 5.4 State Contracts in Excess of \$50,000

Upon motion duly made, seconded, and carried, the Board of Directors approved the State Budget for 2015-16.

## 5.2 Application Fees – Suspension for 2016 Recruitment Cycle

Upon motion duly made, seconded, and carried, the Board of Directors approved item 5.2 from the Finance Consent Calendar.

## 5.3 Non-State Budget for 2015-16

Upon motion duly made, seconded, and carried, the Board of Directors approved item 5.3 from the Finance Consent Calendar.

## 5.4 State Contracts in Excess of \$50,000

5.4.1 Database Subscription – Weestlaw

5.4.2 Database Subscription – Bloomberg/BNA

5.4.3 Database Subscription – West LMA/Thomson Reuters

5.4.4 Interpreter Services—Partners in Communication

Upon motion duly made, seconded, and carried, the Board of Directors approved item 5.4 from the Finance Consent Calendar.

5.5 Non-State Contracts in Excess of \$50,000

- 5.5.1 Environmental Impact Report – Long-Range Campus Plan – TRC
- 5.5.2 Institutional Master Plan – Long-Range Campus Plan – MK Think
- 5.5.3 Professional Services – Cynthia Calvert
- 5.5.4 Professional Services – University of Chicago

Upon motion duly made, seconded, and carried, the Board of Directors approved item 5.5 from the Finance Consent Calendar.

5.6 Participation in UC Mortgage Assistance Program

Chief Financial Officer David Seward reported that the mortgage assistance program is offered by the University of California, Office of Loans Programs to UC faculty and senior officers. He explained that the UC offers the program because it believes that mortgage assistance is critical to the recruitment and retention of faculty and executives in support of education, research, and the public mission. Mortgage assistance program offers first deeds of trust as well as secondary financing. UC Hastings proposes to make this program available to faculty, but not senior management. UC Hastings will need to agree to participate in the program upon the same terms and conditions as the UC. The UC Board of Regents will act upon UC Hastings' request to participate in the program at its November 15 meeting. The specifics of the program will be provided to the Board at its December 4 meeting. If approved by the UC Regents and, subsequently, the Board, UC Hastings would be able to offer the program to UC Hastings faculty in January, 2016. Vice-Chair Chip Robertson commended the administration for pursuing the UC to allow UC Hastings to participate in the program.

6. REPORT OF THE CHIEF FINANCIAL OFFICER

6.1 Contracts in Excess of \$50,000

- 6.1.1 Berkeley Resource Center for Online Education – Health Policy & Law (HPL) Master's Program

Chief Financial Officer David reported that the first item is moving on a program approved by the Board in December 2012, the Health Policy Law Program, a total online course with project delivery with content, development project delivery established through a company named BRCOE, the Berkeley Resource Center for Online Education ("BRCOE"). He said that BRCOE is a very sophisticated, provider of online content for the UC system. UC Hastings administration has been in dialogue with them for three years for modeling for the new Health Policy program.

There will be no on-campus presence. UCSF is the primary service provider. UC Hastings will have a smaller role. There will be a split of revenue. He noted that he expects that the College's costs would be fully recovered through its share of revenue. BRCOE has given the College the option of funding all the upfront costs. The College would not have to invest in infrastructure or develop online surveying mechanisms for marketing assessments. BRCOE coordinates the content development through UC Hastings faculty and the College would provide some in-house support in the form of faculty support and other in-kind contributions.

In response to Chair Gede's questions, Provost & Academic Dean Beth Hillman explained that the Board approved the online degree program before the final form of the degree program was actually articulated. The interaction with BRCOE changed the delivery mechanism and the structure of the program.

She thanked Consortium Director Jaime King, and her predecessor, David Faigman, and the Executive Director Sarah Hooper for working out the details of the program. She noted that UCSF would bear the most administrative burden, and UCSF was supplying half of the content through this new health policy program. There will be no on-campus presence. UCSF is the primary service provider.

Provost & Academic Dean Beth Hillman added that UCSF is primarily bearing the administrative burden, and they would supply half of the content through courses. There would be two tracks - a health policy track that will be held at UCSF and a health law track that will be located at UC Hastings. It's a one-year degree. The pricing models indicate there's a premium for online degrees, and the College is mitigating the risks by partnering with UCSF. The College is hiring faculty for the Program at this time.

#### 6.1.2 Canvas – Learning Management System

Chief Financial Officer David Seward explained that Canvas Infrastructure is a new learning management system which the College will use to replace BlackBoard. The total cost in the first year would be \$13,000.00 plus the \$44,000.00, and it slots down to \$44,000.00 annually thereafter.

#### 6.1.3 Golden Gate Glass – Tower Window Replacement

In presenting the Tower replacement contract, Chief Financial Officer David Seward explained that he was seeking additional approval because the window replacement project contract came in overvalued because of additional work.

#### 6.1.4 UC Irvine – Time-Reporting System

Chief Financial Officer David Seward reported that the time reporting system contract would be with UC Irvine. The purpose of the contract is to implement an online time reporting system for UC Hastings employees. Currently, employee time is documented on paper based upon when the employee does not work, rather than when she does work. In response to questions about why the contract would be serviced at UC Irvine, Chief Financial Officer David Seward noted that UC

Irvine's service is compliant with UC Path. UC Path is a system wide program designed to align human resources and payroll processes and technology across all UC campuses. UC Hastings is scheduled to join UC Path within the next two years. First, it must put the time recovery system in place.

Chief Financial Officer David Seward noted that UC Path will cost \$1,000,000. The College investigated alternatives; however, alternatives were deemed infeasible because the UC is the keeper of employee records for the retirement system. UC Hastings must have a program to support the retirement system. UC Path is it.

Directors expressed their concerns about the UC forcing UC Hastings to take an expensive product as a standalone campus. The annual recurring cost for five years would be \$60,000.00 annually. , yeah. Provost & Academic Dean Elizabeth Hillman noted that there are great packages out there, but most of them we can't use because of being tied to the UC system and being forced to match essentially.

A lengthy discussion ensued.

Upon motion duly made, seconded, and carried, the Board of Directors approved the Contracts presented in Excess of \$50,000.

## 6.2 Non-State Budget Changes

### 6.2.1 Project Budget for Long-Range Campus Plan 3.0

Chief Financial Officer David Seward requested approval of allocations totaling \$600,000.000. He noted that \$300,000.00 would provide funding for the balance of the activities necessary for the current fiscal year, primarily driven by the CEQA review, space programming, and economic analysis related to student housing options.. He explained that the allocation would provide sufficient resources to fund the College's obligations and activities for the year. He reminded the Board that the state support for the new building was predicated on UC Hastings funding the costs of CEQA work and the balance was related to the auxiliaries as the housing development options that the College is exploring, currently. In response to questions he noted that MK Think to hold together the data that would be conveyed to the master architect. The master architect is under contract with the state of California. The master architect would develop a bid package suitable for bidding from teams of architects, coupled with general contractors. And then once that's completed, the top three candidates would be invited to do a design competition.

Provost & Academic Dean Beth Hillman commented on the new architectural ideas relating to teaching space. She noted that the plan includes flexibility in curriculum delivery and electronic delivery as Director Sandi Thompson emphasized

ASUCH President Nicholas Lansdown commented that he would like to ensure that there would be designated student spaces in the new building.

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A lengthy discussion ensued on the College advancing fundraising for capital for the new building. Chancellor & Dean Frank H. Wu introduced the new Chief Fundraiser, Eric Dumbleton.

Upon motion duly made, seconded, and carried, the Board of Directors approved the Project Budget for Long-Range Campus Plan 3.0.

#### 6.2.2 Cash Transfers for 2014-15 and 2015-16

Chief Financial Officer David Seward requested approval of the cash transfers as presented. He noted the action as ministerial. The proposed transfers are needed to cover budgeted activities.

Upon motion duly made, seconded, and carried, the Board of Directors approved the Cash Transfers for 2014-15 and 2015-16.

#### 6.3 Status Update – Long-Range Campus Plan 3.0

Chief Financial Officer David Seward presented a power point on Long-Range Campus Plan 3.0. In response to questions he responded that there are 17 people on the 3.0 Committee.

#### \*6.4 Annual Update of Five-Year Infrastructure Plan 2016-2021

Chief Financial Officer David Seward reported that to maintain eligibility for the state's capital program, UC Hastings is obligated to on an annual basis to update the five-year infrastructure plan. He added that the plan includes the new 333 Golden Gate building. Also, it noted where projects have been completed that were submitted from the prior plan, such as the streetscape improvements.

A lengthy discussion ensued on enrollment assumptions and support from the state for development of infrastructure.

Upon motion duly made, seconded, and carried, the Board of Directors approved the Annual Update of Five-Year Infrastructure Plan 2016-2021 as presented.

- 6.5 [No agenda item]
- 6.6 2014-15 Year-End Investment Report
- 6.7 Budget Bill Supplemental Report Language—Enrollment-Based Funding
- 6.8 Budget Planning – Update of Five-Year Budget Model
- 6.9 Non-State Budget Report—Preliminary 2014-15 Year-End
- 6.10 Auxiliary Enterprises Budget Report—Preliminary 2014-15 Year-end
- 6.11 Annual Report on Insurance Coverage 2015-16
- 6.12 Listing of Checks and Wire Transfers over \$50,000

#### 7. REPORT OF THE EDUCATIONAL POLICY COMMITTEE



Director Maureen Corcoran requested that Provost and Academic Dean Beth Hillman present the report from the Educational Policy Committee. Provost and Academic Dean Beth Hillman began her report by highlighting that fall enrollment was 954 students of which 889 students were in the JD program. She noted that the numbers were lower than ever. She referred everyone to the enrollment report of Dean June Kiagawa Sakamoto as distributed.

A lengthy discussion ensued on the current general trends for enrollment metrics and admissions activities in general.

## 7.2 Flex-Time JD Program Development

Provost and Academic Dean Beth Hillman called for questions on the report as distributed. She reported that there is a campus committee working on development of the flex time JD program... There are staff and faculty on the committee. The goal is to develop a set of options that will enable the College to diversify and broaden the pipelines that are bringing students to the JD program, the optimization of our classroom space, the extent to which we can attract those students who – potential students who have not made the decision yet to go to law school but might do that despite the demands of work and family that make it difficult for them to attend a full-time day program. This would potentially enhance the UC Hastings non-JD programs because if we expand the range of JD offerings into which those non-JD students are integrated. She concluded her report by noting that there is a lot of movement in this arena by other law schools. She stressed that Dean June Kiagawa Sakamoto prepared the metrics in her report from the entering class.

A lengthy discussion ensued the report.

## 7.3 New Student Orientation and Professional Development (PREP) Programs

Associate Academic Dean Heather Field presented the report as distributed. The Board congratulated her for her work on the new extensive orientation program. Dean Field expressed her appreciation of Chair Gede and the board. Also, she acknowledged that the programs are really the product of collaboration among many different departments led by the efforts of the Student services Department.

## 7. Law Library Director Search

Provost and Academic Dean Beth Hillman gave an update on the search for a new Library Director. The position was vacated some months ago with the sudden retirement of Jenni Parrish. There is a search committee in place. Provost and Academic Dean Beth Hillman the committee has been working hard, interviewed candidates at the American Association of Law Librarians' annual meeting in July, identified finalists, and plans to bring five finalists to campus for full-day visits this fall. Faculty should vote on the appointment in November. Under ABA rules the Library Director must be tenured faculty

## 7.5 Promoting Academic Research

Provost and Academic Dean Beth Hillman reported on faculty research support to try to brand the school and get other people out there to know that we do have faculty members that are superior and doing academic research. She discussed initiatives to promote faculty engagement such as supporting the initiatives of individual faculty through the grant administration work,, running conferences and symposia that are dedicated to the topics that faculty bring from around the world on different topics, and having faculty colloquia also run on a regular basis. She noted the improvement to the way the College now manages faculty development accounts. Finally, she spoke of the many books that members of the faculty would publish this year.

## 8. REPORT OF THE ADVANCEMENT & COMMUNICATIONS COMMITTEE

### 8.1 Fundraising Report / Capital Campaign Update

Director Sandi Chief Fund Raiser Eric Dumbleton presented the fundraising reports as distributed. Also, she announced that Directors should anticipate a refresh to the capital campaign to include the newly proposed building at 333 Golden Gate Ave.

Chief Fundraiser Eric Dumbleton gave a brief review of the numbers. He said that in reviewing the fiscal year '14-15 performance, the College missed its goal of \$6.98 million, raising a total of \$4.7 million. He attributed the shortage to the lack of a Department personnel. He noted that the Gala was a success. He announced that the College has just received a \$100,000 pledge from an alum. He noted that the Board of Trustees' giving was at 95%

A lengthy discussion ensued on Director giving.

### 8.2 Communications Update

#### 8.2.1 UC Hastings in the News

#### 8.2.2 Communications Update – UC Hastings Magazine & Editorial

## 9. REPORT OF THE CHANCELLOR & DEAN

### 9.1 Introduction of the new Chief Development Officer

### 9.2 Report on Action Taken in Closed Session Regarding Gifts and Appointments

### 9.3 Chancellor & Dean's Annual Report Detailing the Activities Intended for the Next Fiscal Year to Further the College's Long-Range Plan

### 9.4 Other Informational Items: Academic Programs, Student Services, External Relations and Personnel

## 10. REPORT OF THE CHAIR

10.1 General Recommendation Action for Slate of Appointment of the UC Hastings  
Foundation Trustees

11. DIRECTOR COMMENTS AND BOARD ANNOUNCEMENTS

12. ADJOURNMENT

There being no further business to come before the Board of Directors, the Closed Meeting was adjourned at approximately 12:00 p.m.

Respectfully submitted,

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Elise K. Traynum, Secretary



**UNIVERSITY OF CALIFORNIA  
HASTINGS COLLEGE OF THE LAW  
BOARD OF DIRECTORS  
OPEN SESSION  
MINUTES**

Thursday, December 4<sup>th</sup>, 2015 – 9:00 a.m.  
UC Hastings College of the Law  
198 McAllister Street, 1-Mezzanine  
San Francisco, California 94102

Chair Thomas Gede called the meeting to order at 9:00 a.m. and the Secretary called the roll.

1. ROLL CALL

Board Members Present

Chair Thomas Gede  
Vice Chair Chip Robertson  
Director Donald Bradley  
Director Tina Combs  
Director Marci Dragun  
Director Claes Lewenhaupt  
Director Mary Noel Pepys  
Director Sandra Thompson

Staff Present

General Counsel Elise Traynum  
Chancellor & Dean Frank H. Wu  
Provost & Academic Dean Elizabeth L. Hillman  
Chief Financial Officer David Seward  
Faculty Ex. Committee Chair Ascanio Piomelli  
Chief Fundraiser Eric Dumbleton  
Associate Academic Dean Heather Field  
Public Relations & Communications Alex Shapiro

Others

ASUCH President Nicholas Landsdown

2. PUBLIC COMMENT PERIOD

3. REPORT OF ASUCH PRESIDENT

\*4. GENERAL CONSENT CALENDAR

\*4.1 Approval of Minutes: September 11, 2015

\*5. FINANCE COMMITTEE CONSENT CALENDAR

5.1 State and Nonstate Budget Changes

\*5.1.1 Educational Technology Center – Kane Hall

\*5.1.2 Parapet Repair – McAllister Tower

5.2 State Contracts in Excess of \$50,000

\*5.2.1 Hastings Magazine – Diablo Communications & Printing

\*5.2.2 Scholarly Publications – Joe Christensen

\*5.2.3 2016 Commencement – BGCA Management, LLC (Bill Graham)

\*5.2.4 Interpreter Services – Partners in Communication

\*5.2.5 Service Contract – UCSF-UCH Masters in Health Policy and Law

\*5.2.6 MOU Berkeley Resource Center for Online Education & UCSF

5.3 Non-State Contracts in Excess of \$50,000

\*5.3.1 Garage Retail – UCSF Hepatitis C Study

\*5.3.2 Parapet Repairs – Alpha Restoration and Waterproofing

\*5.3.3 Hastings Reunion 2016—Palace Hotel

\*5.4 Approval of Agency Statement—Climate Adaptation in the 2016 California Five-Year Infrastructure Plan

6. REPORT OF THE CHIEF FINANCIAL OFFICER

\*6.1 Report to the Joint Legislative Budget Committee – Enrollment Funding

\*6.2 Budget Planning: Update of Five-Year Budget Models and Tuition Discounting for 2016-2017

\*6.3 Approval of Institutional master Plan for City and County of San Francisco

\*6.4 Approval of New Institutional Holiday – Cesar Chavez Day (Subject to Meet & Confer with College Units)

\*6.5 Moody's Investor Service Ratings Report

6.6 Update on Moss Adams Engagement—HR and Payroll Processing

6.7 Investment Report as of September 30, 2015

6.8 State Budget Report as of September 30, 2015

6.9 Auxiliary Enterprises Budget Report as of September 30, 2015

6.10 Long Range Campus Plan 3.0 Update

Bryant Sparkman from Century Urban first provided background on the five campus assets comprising the UC Hastings portfolio. The campus consists of 720,000 gross square feet. He described each asset in great detail. He explained that the CEQA process is being executed under the direction of Chief Financial Officer David Seward with an environmental consultant known as TRC Solutions. TRC has been engaged to prepare a long-range campus plan environmental impact report. The technical analysis is well underway, including shadow, wind, transportation, and other factors. The initial study and notice of preparation (NOP) is to be delivered on December 7<sup>th</sup>. The impacts of the student housing project and its variance on the 198 McAllister and the combined 198 McAllister—50 Hyde Street site will be included in the analysis.

Bryant Sparkman noted four separate working groups, consisting of: education, led by Roz Boyd; administration and student services, led by Michael Stonebreaker; greening and sustainability, led by Chuck Marcus and Casey Osberry; and external relations and alumni engagement, led by David Seward and Eric Dumbleton. He noted that the firm AECOM/URS has been engaged for project management and the contract is under negotiation, and that Ratcliff Architects was selected as the master architect.

Bryant Sparkman then introduced the chancellor of UCSF. He noted a letter of intent for the venture between UC Hastings and UCSF for the development of campus housing was prepared for the Board's review and approval. The letter of intent anticipates the parties' analyzing the ground lease joint venture, along with the UCSF master developer transaction structure. He described the role of the UCOP and he reported that a tremendous amount of work has been completed to date on all the public-private partnership structures. Finally, Bryant Sparkman discussed the site footprint, including Hyde Street and Golden Gate, and the potential for each parcel.

Leo Ma then spoke about what is envisioned by the 198 McAllister student housing project, describing how it would go further towards meeting the housing needs of both UC Hastings and UCSF and would potentially be more economically beneficial to UC Hastings as well. He also mentioned that it could be potentially more economically attractive to a private partner in a public-private partnership. Chief Financial Officer David Seward discussed the functionality that would be incorporated into the project. He also discussed the receptiveness of the Department of Finance to considering repurposing the \$7 million earmarked by the Governor in the state's long range capital planning to help subsidize the development of the academic functionality. Leo Ma indicated that there have also been discussions with the Mayor's office of San Francisco, who has indicated that they are supportive of building new student housing on both sites.

Leo Ma elaborated in great detail about the possibilities for the project, and the analysis of each, including how many units could be accommodated in each building and the economic analysis of each. He noted that the letter of intent with UCSF contemplates continued evaluation of 100 McAllister pursuant to these recommendations, working in conjunction with UCSF.

Fundraising and city and community outreach were also discussed. Fundraising will address areas including naming opportunities enhancement of technology. City and community outreach has included a number of meetings with city agencies to obtain feedback regarding the campus plan. Among the city agencies are the Mayor's office of economic and workforce development, the Mayor's office of housing, and the planning department. He discussed when outreach to community groups is scheduled as well. Lastly, the timeline of the project was discussed, with 2020 as the projected date for occupancy of 333 Golden Gate. After that, the design and construction of 198 McAllister can proceed; and, after that, will be the renovation and upgrade of 100 McAllister.

Chair Thomas Gede introduced Chancellor Sam Hawgood. Chancellor Sam Hawgood first spoke about the success of the Consortium as an example of the benefits of a UC Hastings/UCSF relationship. He mentioned the imminent launching of the masters of science and law which will be an online degree awarded by both UCSF and UC Hastings, in partnership with the UC Berkeley Resource Center for Online Education. Chancellor Sam Hawgood also spoke of the many service agreements that are going well, including the medical-legal partnership for seniors program, which he described as very important to UCSF. He also suggested that the two institutions can be true international leaders in the area of ethics in genomic medicine.

Speaking specifically to the housing crisis, Chancellor Sam Hawgood elaborated on how excited UCSF is about the prospect of additional housing. He noted that UCSF is currently between 650 and 950 housing units short. Offsetting some of that shortage through a UCSF-UC Hastings partnership would be an immense relief. Finally, Chancellor Sam Hawgood reiterated his enthusiasm for the larger relationship between UCSF and UC Hastings, especially law and health, beyond the current housing project.

6.11 Listing of Checks and Electronic Transfers over \$50,000

## 7. REPORT OF THE EDUCATIONAL POLICY COMMITTEE

7.1 Report on Financial Aid Modeling For Class of 2018

7.2 Update on Academic Administration Program

7.3 Other informational items, including Academic Programs and Student Services

## 8. REPORT OF THE ADVANCEMENT & COMMUNICATIONS COMMITTEE

8.1 Fundraising Year-to-Date Report

- \$10K and Above Gift Report
- Year-to-Date Campaign Report

8.1.1. 333 Golden Gate Fundraising Plan & Progress Report

8.1.2 September Board of Trustees & Governors Meeting Report

8.1.3 2015 Gala & Reunion Weekend Report

## 9. REPORT OF THE CHANCELLOR & DEAN

- \*9.1 Establishment of UC Hastings Marketing Department and Positions By Alex Shapiro
- 9.2 Other Informational Items: Academic Programs, Student Services, External Relations and Personnel

## 10. REPORT OF THE CHAIR

- \*10.1 Long Range Campus Plan
  - Status Report
  - UCSF-UC Hastings Student Housing Partnership By Chancellor Sam Hawgood
  - Approval of Letter of Intent

Chief Financial Officer David Seward noted that UCSF's vision for the scope of the engagement includes repurposing the 198 site and the 50 Hyde Street Annex, and rehabilitating the McAllister Tower and repurposing the Great Hall. He noted they have sufficient mass to make it a viable financing package. He noted that it is ultimately going to require a public-private partnership in some form.

Chief Financial Officer David Seward also noted that conceptual renderings are underway to support the fundraising efforts, marketing, and outreach. Chief Financial Officer David Seward also remarked upon the housing crisis in the city and the impact any new housing projects will have on the marketplace.

Discussion ensued about the press release and what would be the wisest approach, including the possibility of incorporating a positive comment from the Mayor.

Upon motion duly made, seconded, and carried, the Board of Directors of the University of California Hastings College of the Law approved the resolution authorizing the execution of the non-binding Letter of Intent with UCSF on development of student housing.

## 11. REPORT OF THE GENERAL COUNSEL

- 11.1 Annual Legislative Report Presented by Michael Belote of California Advocates

General Counsel Traynum introduced Michael Belote of California Advocates to give his annual legislative report. A lengthy discussion ensued after Mr. Belote presented his report.

- 11.2 Consideration: MOU between UC Hastings and SFPD and District Attorney's Offices, et. al., on Response to Violent Crimes, Sexual Assaults, and Hate Crimes



General Counsel Traynum presented the proposed MOU. She explained that the MOU focuses on the duties of campus authorities and law enforcement agencies following a sexual assault perpetrated upon students in higher educational institutions, including who will act as first responder, who will collect and preserve evidence, and how to share necessary information while preserving victim privacy. Further she noted that the purpose of the MOU is to help ensure that campuses, law enforcement, and community-based organizations work together to connect victims to services – including rape kits – as soon as possible, as well as committing to regular training for both the campus and law enforcement communities. Further, the MOU is a product of legislation, SB 967 which gave enforcement guidance in the context of existing state and federal statutes, and encouraged increased collaboration between law enforcement and campus authorities

### 11.3 Consideration: Standing Order on Board Review of Multi-Year Contracts

General Counsel Traynum presented the proposed Standing Order as distributed. She noted that the new Standing Order was requested by the Finance Committee at its November 18 meeting. She explained that a multi-year contract in question is a contract for the purchase of supplies or services for more than 1, but not more than 10 years. Such contracts are issued under specific authority of the Board of Directors for specific programs.

The key distinguishing difference between multi-year contracts and multiple year contracts is that multi-year contracts buy more than 1 year's requirement (of a product or service) without establishing a review period. This type of contract does not allow the Board to review or terminate the contract before the end of the extensive term.

Upon motion duly made, seconded, and carried, the Board of Directors of the University of California Hastings College of the Law approved, adding the Standing Order, Board Review of Multi-Year Contracts.

### 11.4 Board Calendar 2016

The Calendar for Board and Standing Committee meetings was presented as distributed. The board Secretary requested that Directors review the proposed meeting dates and advise her if they cannot attend on a specific date.

## 12. DIRECTOR COMMENTS AND BOARD ANNOUNCEMENTS

## 13. ADJOURNMENT

There being no further business to come before the Board of Directors, the Open Meeting was adjourned at approximately 11:15 a.m.

Respectfully submitted,

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Elise K. Traynum, Secretary

**ACTION ITEM:**

**1. GENERAL CONSENT CALENDAR**

**2. ACTION:**

**\*4.2 Ratification of Employment Agreement/Acting Chancellor & Dean (Written)**

Pursuant to Standing Order 100.2 (d), on December 22, 2015, the Hastings Board of Directors appointed Distinguished Professor David I. Faigman to the position of Acting Chancellor and Dean of UC Hastings effective Friday, January 1, 2016. The Executive Committee approved an employment agreement at a special meeting on January 6, 2016. Pursuant to By-Law 7.1(b), any action taken by the Executive Committee shall be reported to and ratified by the Board at its next meeting.



**EMPLOYMENT AGREEMENT OF THE ACTING CHANCELLOR & DEAN OF THE  
UNIVERSITY OF CALIFORNIA HASTINGS COLLEGE OF THE LAW**

**Recitals**

- A. On November 16, 2015, Frank H. Wu tendered his resignation as Chancellor & Dean of the University of California Hastings College of the Law ("Hastings") effective December 31, 2015; and,
- B. Pursuant to Standing Order 100.2 (d), on December 22, 2015, the Hastings Board of Directors appointed Distinguished Professor David I. Faigman to the position of Acting Chancellor and Dean of Hastings effective Friday, January 1, 2016; and,
- C. The parties hereto desire to memorialize the terms and conditions by which Professor Faigman shall serve as the Acting Chancellor & Dean of Hastings and his return to the position as tenured Distinguished Faculty at the conclusion of his term as Acting Chancellor & Dean.

**Agreement**

This Agreement is entered into as of January 1, 2016 (the "Effective Date") by and between the University of California Hastings College of the Law, a public law school located in the City of San Francisco ("Hastings") and David L. Faigman, an individual (the "Acting Chancellor & Dean"). Hastings and the Acting Chancellor & Dean may be referred to individually as a "Party" and collectively as "Parties" in this Agreement.

**1. EMPLOYMENT OF THE ACTING CHANCELLOR & DEAN.**

- A. Hastings pursuant to the terms and conditions of this Agreement appoints and employs David Faigman as the Acting Chancellor & Dean of Hastings. The Acting Chancellor & Dean will be an at-will employee serving at the pleasure of the Hastings Board of Directors (the "Board"). The Acting Chancellor & Dean will serve as the Chief Executive Officer and Chief Academic Officer of Hastings. The appointment as Acting Chancellor & Dean is effective January 1, 2016, (the "Appointment Date").

Notwithstanding this employment status, he agrees to serve as Acting Chancellor & Dean for the Term, as defined in Section 3, and hereby accepts such employment.

## 2. COMMITMENTS OF THE PARTIES.

### A. Acting Chancellor & Dean Commitments.

(1) Duties and Authority. The Acting Chancellor & Dean shall have those powers and perform all of the duties of the Chancellor & Dean as set forth in Hastings' By-Laws, Standing Orders, and policies and procedures, and such other duties as may be assigned by the Board from time to time.

(2) Availability of Acting Chancellor & Dean. The Acting Chancellor & Dean will engage in those hours of work that are necessary to fulfill the duties and obligations of the Chancellor & Dean position. It is recognized that the Acting Chancellor & Dean must devote time to the business of Hastings outside of normal business office hours, and to that end, the Acting Chancellor & Dean's schedule of work shall vary in accordance with the work required to be performed. At the same time, the parties recognize that the Acting Chancellor & Dean's scholarship redounds to the general benefit of the College and thus remains an integral part of his efforts on behalf of the school.

### B. Hastings Commitments.

(1) Hastings shall provide the Acting Chancellor & Dean with the compensation and benefits set forth on Schedule 1 of this Agreement.

(2) Subject to annual budgetary considerations, an administrative fund of approximately \$30,000 for travel, donor cultivation, and special events is allocated to support the Acting Chancellor & Dean. The parties acknowledge that the Acting Chancellor & Dean will continue to receive the regular annual allocation of funds from the John F. Digardi Chair which he holds, to support his travel, scholarship, or other academic activities.

(3) Hastings agrees to pay for customary professional dues and memberships necessary for the Acting Chancellor & Dean to perform his duties and obligations.

### C. Mutual Commitments.

#### (1) Goals and Objectives.

As soon as practicable after January 1, 2016, the Board Chair and the Acting Chancellor & Dean shall meet to establish the prioritized goals and objectives for the Chancellor & Dean ("Performance Plan") to achieve during his term as Acting Chancellor & Dean. The Board and the Acting Chancellor & Dean shall thereafter meet as necessary to further refine or modify the Performance Plan as the Board determines

is necessary for the proper operation of Hastings and for the attainment of the Board's strategic policy objectives.

(2) Performance Evaluation.

The Board shall conduct an evaluation of the Acting Chancellor & Dean's performance. The performance evaluation shall take place in June 2016. The review and evaluation shall be in accordance with specific goals and performance objectives in the Performance Plan.

(3) Faculty Classification.

The Parties acknowledge that the Acting Chancellor & Dean will continue, on and after the Appointment Date, as a tenured member of the Distinguished Faculty. Therefore, the Acting Chancellor & Dean shall be entitled to the continuation of the same rights and privileges as are accorded to members of Hastings Faculty, except as otherwise expressly provided for in this Agreement.

3. TERM.

- A. Commencing upon the Appointment date, the Acting Chancellor & Dean shall serve in the position until the Board appoints a Chancellor & Dean, or for two semesters pursuant to Standing Order 100.2(d), whichever occurs first ("Term"), unless sooner terminated in accordance with this Agreement.
- B. On or before the end of the Term of this Agreement, the Board may decide to renew or continue the Acting Chancellor & Dean's appointment upon the terms and conditions contained in this Agreement or upon such additional or different terms as may be agreed upon by and between the Acting Chancellor & Dean and the Board.

4. TERMINATION.

A. Resignation.

If the Acting Chancellor & Dean resigns at any time during the Term of this Agreement, this Agreement shall terminate and the Acting Chancellor & Dean shall forfeit all rights under the terms of this Agreement. The Acting Chancellor & Dean shall provide written notice of not less than thirty (30) days prior to the effective date of resignation.

B. Termination.

(1) Hastings may terminate this Agreement at any time, with or without cause, by a majority vote of the Board. Notice of termination shall be provided to the Acting Chancellor & Dean in writing.

(2) If the Acting Chancellor & Dean elects to return to the Faculty, the salary for the Acting Chancellor & Dean shall be at the then applicable rate of Distinguished Faculty.

C. Separation for Cause.

(1) In the event Hastings proposes to terminate this Agreement "for cause", it shall notify the Acting Chancellor & Dean in writing, specifying the reasons for termination; provide a ten (10) day opportunity to cure, if cure of the cause for termination is possible; and extend to the Acting Chancellor & Dean the right to request a hearing pursuant to applicable law before the Board prior to the Board taking final action. Each Party shall bear its own legal expenses, if any, incident to such a hearing. Termination "for cause" shall become effective upon final action of the Board. Termination "for cause" is a termination under any of the following circumstances:

- (a) Conviction of a felony or conviction of a misdemeanor involving moral turpitude;
- (b) Unethical business practices;
- (c) Willful misconduct, gross negligence and or repeated failures in the discharge of his duties as Chancellor & Dean;
- (d) Material violation of Hastings' policies;
- (e) Termination as a tenured member of Hastings Faculty; or
- (f) Material breach of this Agreement.

(2) In the event Hastings terminates this Agreement "for cause", the Acting Chancellor & Dean shall be entitled to only the compensation accrued up to the date of termination and such other termination benefits and payments as may be required by law. The Acting Chancellor & Dean shall not be entitled to any severance benefits. In the event that the Acting Chancellor & Dean returns to the Faculty as Distinguished Faculty, the salary of the former Acting Chancellor & Dean shall be at the then applicable rate of Distinguished Professor. The Acting Chancellor & Dean acknowledges that the Faculty may seek to remove him/her as a Faculty member under the provisions of the Faculty Rules and Procedures, if his conduct is subject to review under the Faculty Rules and Procedures.

D. Disability or Inability to Perform.

(1) In the event the Acting Chancellor & Dean becomes mentally or physically incapable of performing the essential functions of his position as Acting Chancellor & Dean, with or without reasonable accommodation, and it reasonably appears such incapacity will last for more than six months, the College may terminate this Agreement and the Acting Chancellor & Dean will return to the Faculty as Distinguished Faculty and receive the long-term disability benefits available to the Faculty.

(2) In the event the Acting Chancellor & Dean becomes mentally or physically incapable of performing the essential functions of his position as Acting Chancellor & Dean, with or without reasonable accommodation, for a period not anticipated to exceed six months, the College may temporarily suspend the Acting Chancellor & Dean's duties and appoint an Interim Chancellor & Dean. If the Acting Chancellor & Dean is unable to adequately resume performance of duties after a six (6) month period, the Board may treat the matter as a permanent or long-term disability and may terminate the Acting Chancellor & Dean as set forth in subparagraph (1) above.

E. Public Statements.

In the event this Agreement is either terminated by Hastings or the Acting Chancellor & Dean resigns, neither Party shall make any written or oral statements to members of the public or the press concerning the Acting Chancellor & Dean's termination or resignation except in the form of a press release which is mutually agreeable to both Parties. Either Party may verbally repeat the substance of any such mutually agreeable press release in response to inquiries by members of the press or public.

5. GENERAL PROVISIONS.

A. Spouse of Dean and Chancellor.

To the extent that the Acting Chancellor & Dean's spouse becomes a member of the Faculty during his tenure, he shall not participate in any academic and/or compensation decisions with respect to his spouse. All said matters related to the Acting Chancellor & Dean's spouse shall be delegated to the Academic Dean, a Faculty committee and/or the Faculty consistent with the rules governing the matter at issue with appropriate oversight by the Board.

B. Scholarship and Outside Employment.

As a tenured member of the Hastings Faculty, the Acting Chancellor & Dean may continue research and scholarship pursuits and receive any benefits derived therefrom during the term of this Agreement; however, the Acting Chancellor & Dean agrees not to engage in any outside employment that interferes with the performance or his duties as Chancellor & Dean.

C. By-Laws and Standing Orders.

This Agreement is subject to the provisions of Hastings's By-Laws and Standing Orders as presently constituted and hereafter amended.

D. Survival.

Certain sections of this Agreement are intended by their terms to survive termination of this Agreement, including but not limited to Sections, 4.E and 5.F and the Sabbatical Leave Section in Schedule 1. These Sections, and the others so intended, shall survive termination or expiration of this Agreement.

E. Amendments.

The Agreement may be amended only by a mutual written agreement of Hastings and the Acting Chancellor & Dean.

F. Conflict of Interest.

(1) The Acting Chancellor & Dean shall not engage in any business or transaction nor have a financial or other personal interest or association, direct or indirect, which is in conflict with the proper discharge of official duties or would tend to impair independence of judgment or action in the performance of official duties.

(2) The Acting Chancellor & Dean shall be subject to the conflict of interest provisions of the California Government Code Sections 8700 et al. The Acting Chancellor & Dean is responsible for submitting to the Secretary to the Board appropriate Conflict of Interest Statements at the time of appointment, annually thereafter, and at the time of separation from the position.

G. Indemnification.

Hastings shall defend, save harmless and indemnify the Acting Chancellor & Dean against any claim or action to the extent required by, and subject to the limitations contained in, California Government Code Sections 825-825.6 and Government Code Sections 995-996.6. Hastings may compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon without the prior consent or approval of the Acting Chancellor & Dean.

H. Severability.

If any section of this Agreement is found by a court of competent jurisdiction to be illegal or unenforceable, such section so found shall be regarded as though it were not part of this Agreement and the remaining parts of this Agreement shall be fully binding on and enforceable by the Parties hereto.

I. Governing Law.

This Agreement shall be interpreted under the laws of the State of California.



J. Resolution of Disputes.

Any dispute, claim or controversy arising under this Agreement shall be settled by arbitration in accordance with the provisions of Title 9 of the California Code of Civil Procedure governing arbitration agreements. The arbitrator shall be selected jointly by Hastings and the Acting Chancellor & Dean. In the event the Parties cannot reach agreement on the selection of the arbitrator, either party may petition the Superior Court in the City and County of San Francisco to appoint an arbitrator in accordance with the provisions of Section 1281.6 of said Title 9.

K. Entire Agreement.

This Agreement represents the entire agreement of the Parties, which has been jointly drafted by the Parties, and no representations have been made or relied upon by either of the Parties except as set forth in this Agreement.

L. Notice.

Any notice shall be in writing and shall be sent by prepaid first class mail or hand-delivered to the respective Parties as follows:

(1) If to Hastings:

University of California  
Hastings College of the Law  
Chair of the Board of Directors  
200 McAllister Street  
San Francisco, California 94102

(2) If to the Acting Chancellor & Dean:

University of California  
Hastings College of the Law  
Professor David Faigman  
200 McAllister Street  
San Francisco, California 94102; or,

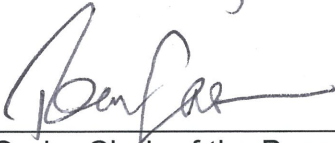
at the current address shown on the records of Hastings, unless otherwise provided by the Acting Chancellor & Dean to the Chair of the Board.

6. NON-APPLICABILITY.

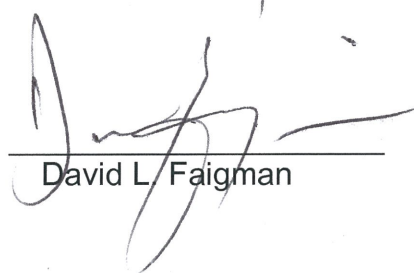
The Regents of the University of California is not a party to, nor is it financially responsible under, this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

Dated 14 January, 2016  
HASTINGS COLLEGE OF THE LAW

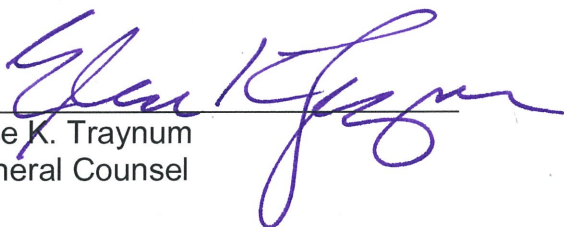
By:   
Tom Gede, Chair of the Board

Dated 14 January, 2016  
ACTING CHANCELLOR & DEAN

By:   
David L. Faigman

APPROVED AS TO FORM:

Dated 1/14, 2016

By:   
Elise K. Traynum  
General Counsel

## SCHEDULE 1

### COMPENSATION and BENEFITS.

In consideration of the services provided to Hastings by the Acting Chancellor & Dean, Hastings shall provide the following compensation and benefits:

A. Compensation and Required Employer Costs.

(1) Base Salary.

(a) The initial base salary for the position of Acting Chancellor & Dean shall be \$350,000 per year. The Board may adjust the Acting Chancellor & Dean's salary after completion of the performance evaluation.

(b) The Acting Chancellor & Dean shall be paid at the same intervals and in the same manner as regular Hastings employees.

(2) Incentive Pay.

Whenever it is deemed appropriate, the Board may award a bonus. Any bonus awarded to the Acting Chancellor & Dean shall not be deemed compensation qualifying for retirement calculation.

(3) Housing Allowance.

The Acting Chancellor & Dean shall be provided a monthly housing allowance of \$5,000.

(4) Parking.

The Acting Chancellor & Dean shall be provided monthly parking in the 198 McAllister parking garage at no charge during his tenure.

(5) Car Allowance.

The Acting Chancellor & Dean shall be provided a monthly car allowance in the amount of \$743.00.

(6) Employee Benefits.

The Acting Chancellor & Dean shall receive the same health, life, long term/short term disability and dental insurance coverage available to Hastings employees as they may change from time to time.

(7) Sabbatical Leave.

The Parties acknowledge that the Acting Chancellor & Dean was entitled to a one-year sabbatical leave at 2/3rds of his salary as Distinguished Faculty under the Faculty Rules and Procedures at the time when he was appointed to the position of Acting Chancellor & Dean. The Acting Chancellor & Dean shall be awarded a two- semester sabbatical leave at the expiration of the Term of this Agreement. He shall be compensated at the rate of 100% of his salary as Distinguished Faculty, rather than at the rate of 2/3rds of his salary as Distinguished Faculty as referenced above, during the sabbatical leave.

The Acting Chancellor & Dean agrees that when exercising this sabbatical leave right, he shall remain an employee of Hastings and not accept employment with any other entity. At the conclusion of the sabbatical leave, he shall remain at Hastings as full-time Distinguished Faculty for at least one full semester, or he shall reimburse Hastings for 1/3<sup>rd</sup> of the salary paid during the sabbatical leave.

**ACTION ITEM:**

**1. GENERAL CONSENT CALENDAR**

**2. ACTION:**

- \*4.3 Resolutions Appointing Simona A. Agnolucci and Courtney Power  
to the UC Hastings Board of Directors (Written)



**A RESOLUTION OF THE BOARD OF DIRECTORS OF UC HASTINGS  
APPOINTING  
SIMONA AGNOLUCCI '06 TO THE UC HASTINGS BOARD OF DIRECTORS**

**RESOLUTION NO. 2016-\_\_**

**WHEREAS**, pursuant to Education Code Section 92204, the business of the University of California Hastings College of the Law shall be managed by the UC Hastings Board of Directors ("Board"); and,

**WHEREAS**, Hastings By-Law 5.2, provides that vacancies occurring on the Board, except for the heir or representative of S.C. Hastings, shall be filled upon appointment by the Governor, confirmation by a majority of the membership of the Senate, and by majority vote of the Directors; and,

**WHEREAS**, on December 4, 2015, Governor Brown announced the appointment of Simona Agnolucci, class of 2006, to the Board, subject to Senate confirmation; and,

**WHEREAS**, a majority of the Board has voted to appoint Simona Agnolucci to the UC Hastings Board of Directors.

**THEREFORE, BE IT RESOLVED**, that, Simona Agnolucci is hereby appointed to the UC Hastings Board of Directors.

Adopted this **4<sup>th</sup> day of March, 2016**, by majority vote of the Board.

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Thomas Gede, Chairman  
Board of Directors

ATTEST: \_\_\_\_\_  
Elise K. Traynum, Secretary



**A RESOLUTION OF THE BOARD OF DIRECTORS OF UC HASTINGS  
APPOINTING  
COURTNEY POWER TO THE UC HASTINGS BOARD OF DIRECTORS**

**RESOLUTION NO. 2016-\_\_**

**WHEREAS**, pursuant to Education Code Section 92204, the business of the University of California Hastings College of the Law shall be managed by the UC Hastings Board of Directors ("Board"); and,

**WHEREAS**, Hastings By-Law 5.2, provides that vacancies occurring on the Board, except for the heir or representative of S.C. Hastings, shall be filled upon appointment by the Governor, confirmation by a majority of the membership of the Senate, and by majority vote of the Directors; and,

**WHEREAS**, on December 4, 2015, Governor Brown announced the appointment of Courtney Power to the Board, subject to Senate confirmation; and,

**WHEREAS**, a majority of the Board has voted to appoint Courtney Power to the UC Hastings Board of Directors.

**THEREFORE, BE IT RESOLVED**, that, Courtney Power is hereby appointed to the UC Hastings Board of Directors.

Adopted this **4<sup>th</sup> day of March, 2016**, by majority vote of the Board.

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Thomas Gede, Chairman  
Board of Directors

ATTEST: \_\_\_\_\_  
Elise K. Traynum, Secretary

## **REPORT ITEM**

- 1. REPORT BY:** Provost & Academic Dean Elizabeth L. Hillman

**The following reports were presented and discussed at the Educational Policy Committee Meeting on February 11, 2016. These are listed below as informational items, and distributed in the agenda packet. The Provost and Academic Dean will give a brief introduction of each item and respond to questions if requested.**

- |     |  |           |
|-----|--|-----------|
| 5.1 | Initial Assessment of Flexible JD Option   | (Written) |
| 5.2 | Admissions and Retention Plans   | (Written) |
| 5.3 | Update on Bar Passage Efforts  | (Written) |
| 5.4 | Update on Library and Technology Reorganization  | (Oral)    |
| 5.5 | Provost and Academic Dean Report on Informational Items,<br>Including Academic Programs and Student Services | (Oral)    |



**REPORT ITEM**

**1. REPORT BY:** Provost & Academic Dean Elizabeth L. Hillman

**2. SUBJECT:**

5.1 Initial Assessment of Flexible JD Option (Written)

# UC Hastings Law School Part-Time Degree Research

1<sup>st</sup> Round Quantitative Research

JANUARY 2016

B R C O E

UC BERKELEY RESOURCE CENTER FOR ONLINE EDUCATION

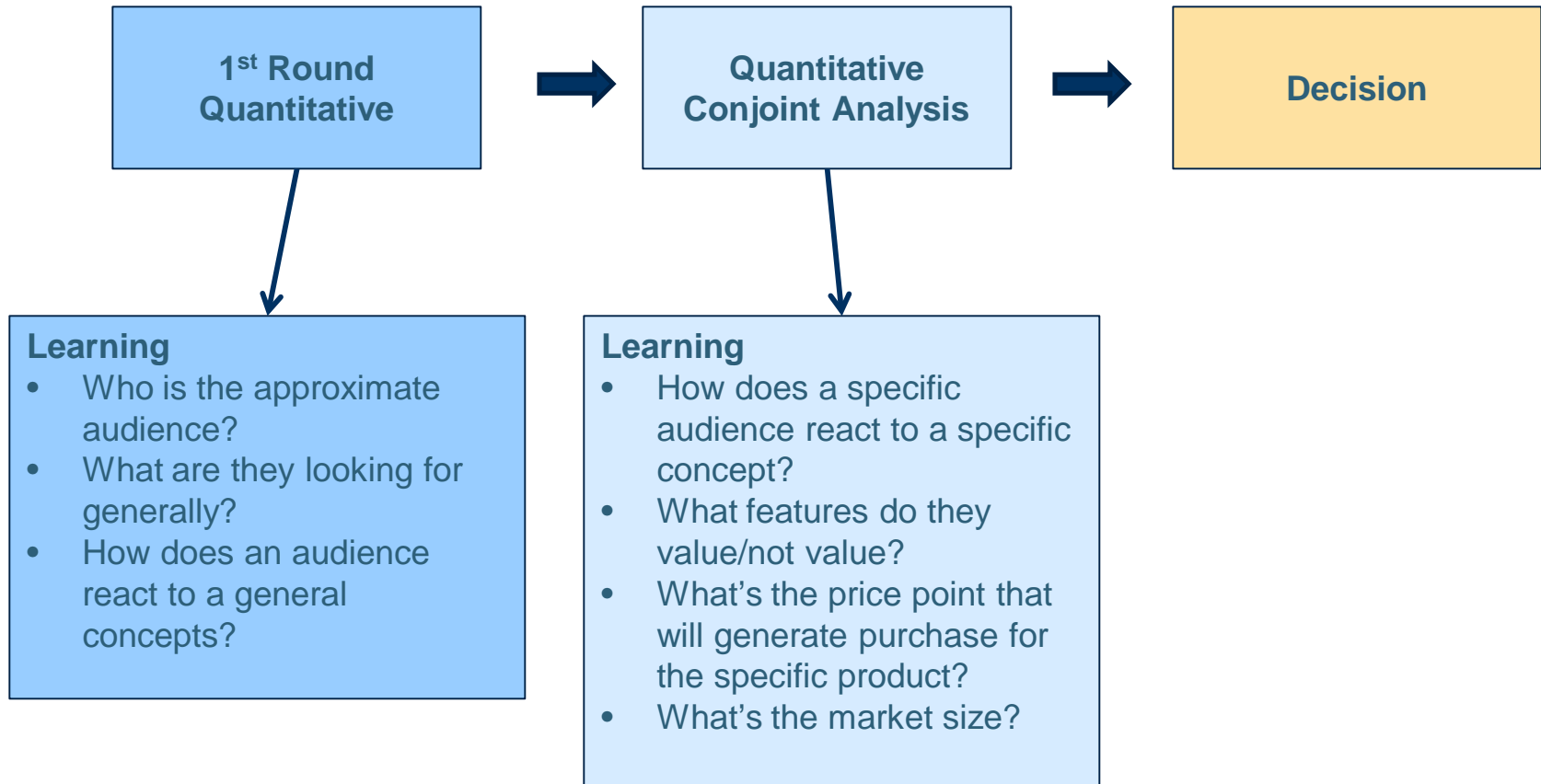
**Berkeley**  
UNIVERSITY OF CALIFORNIA

# Background

BRCOE was asked to support UC Hastings College of Law as they consider creating a part-time JD program. The purpose of this research is to inform their decision-making, specifically related to:

- Identifying the target audience
- Exploring and refining the program concept and its potential components
- Clarifying key triggers to strengthen program appeal
- Understanding the reasons for potential interest and how they might be maximized

# Where this research fits in the process . . .



# Approach

1632 people were surveyed online between December 30, 2015 and January 12, 2016. The final, qualified respondent sample size was 120. Results are statistically projectable at a 95% confidence level.

Potential Participants were screened as:

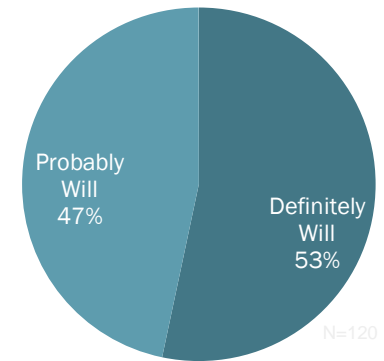
- Living in the San Francisco area
- Between the ages of 21 and 40
- Having a bachelor's degree
- Having an undergraduate GPA of 3.0 or higher
- Definitely or probably pursuing an additional degree in the next 5 years
- Considering law degree

# Considering a Degree

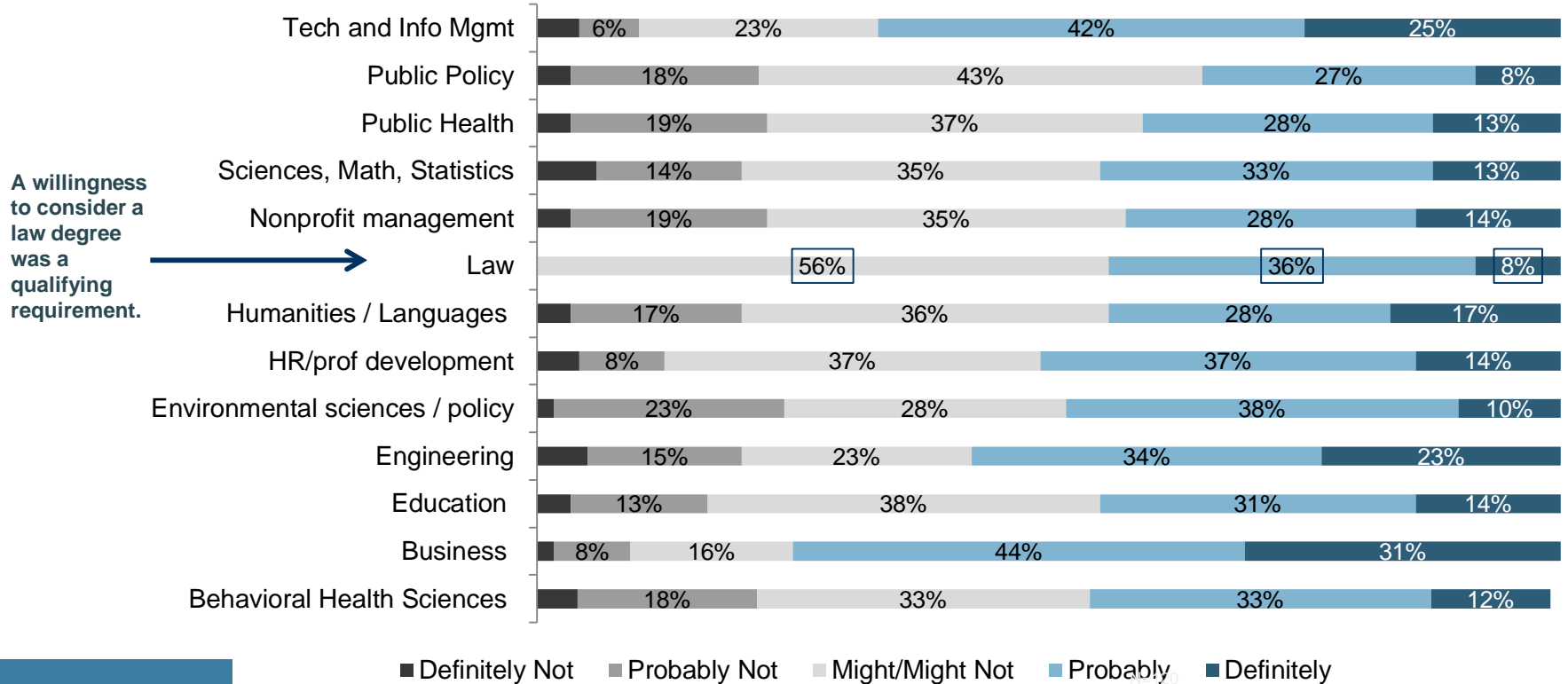
# Potential Candidates are considering a variety of degrees, outside the Law too

Just under one in ten is committed to pursuing a law degree.

Likelihood of degree in next 5 years

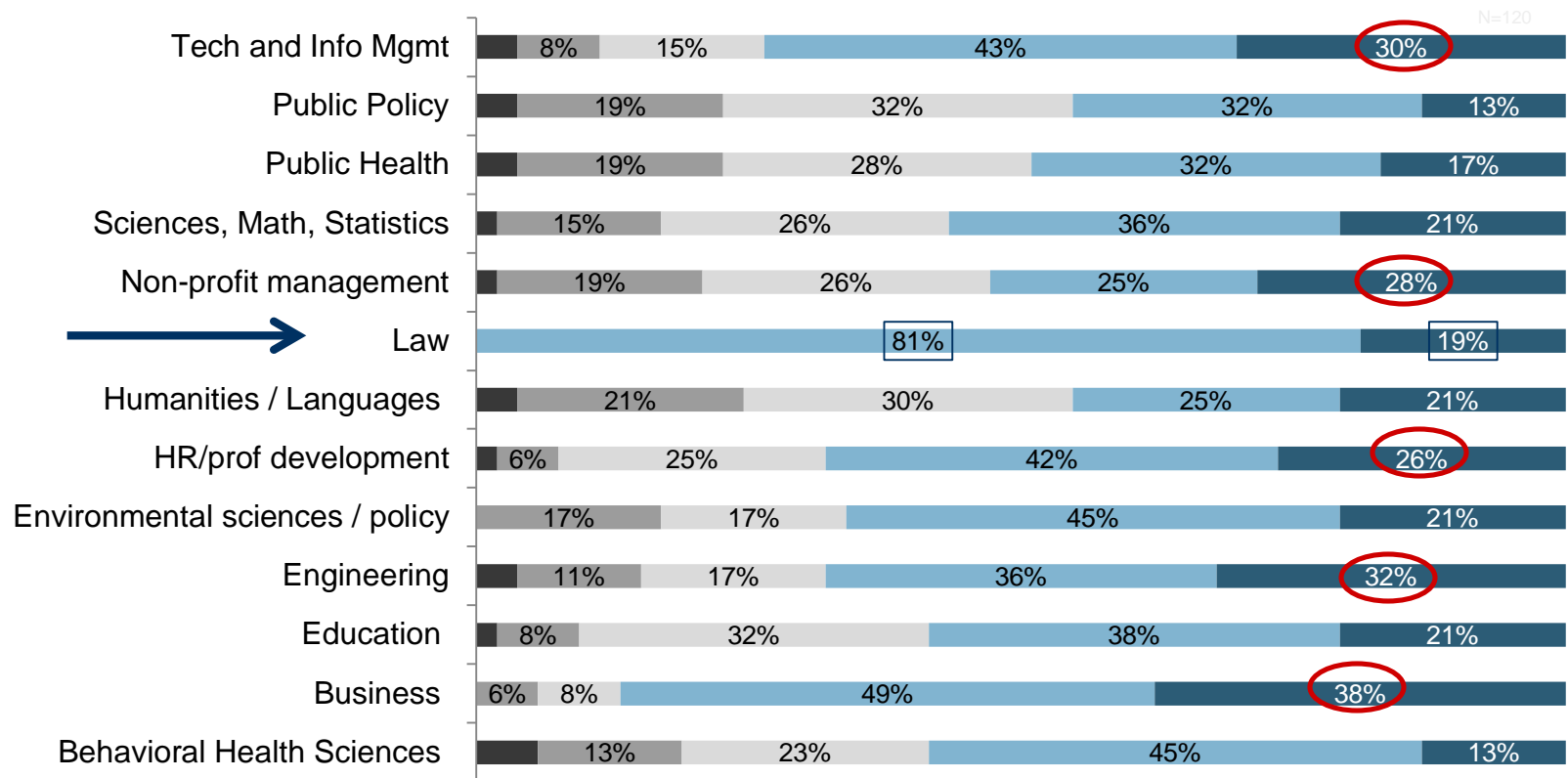


## Degree Fields Considered



Those considering pursuing a law degree are also strongly considering degrees related to business, IT management, non-profit management, HR or engineering.

**Likely to Pursue Degree Field (among strongly considering law)**



■ Definitely Not
■ Probably Not
■ Might/Might Not
■ Probably
■ Definitely

N=120

N=53

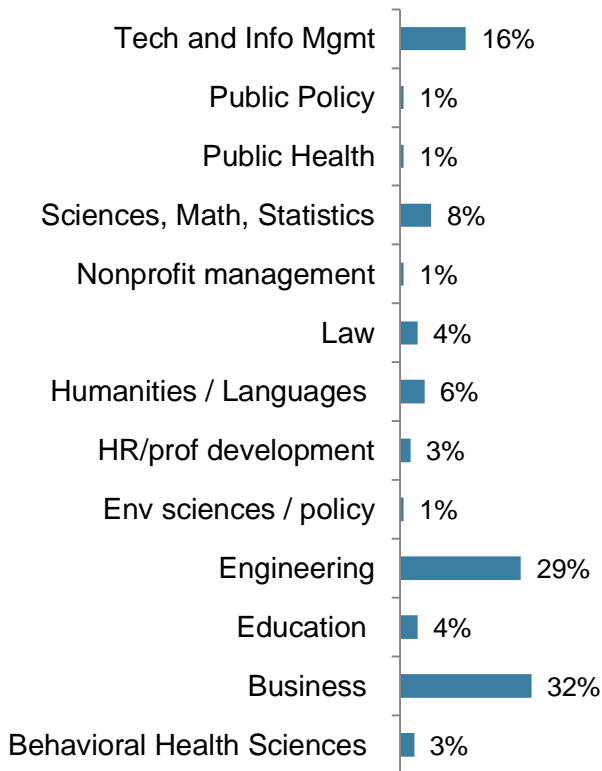
Q6. How likely are you to consider a degree in the following fields?



# Degree Fields with Greatest Interest in Law

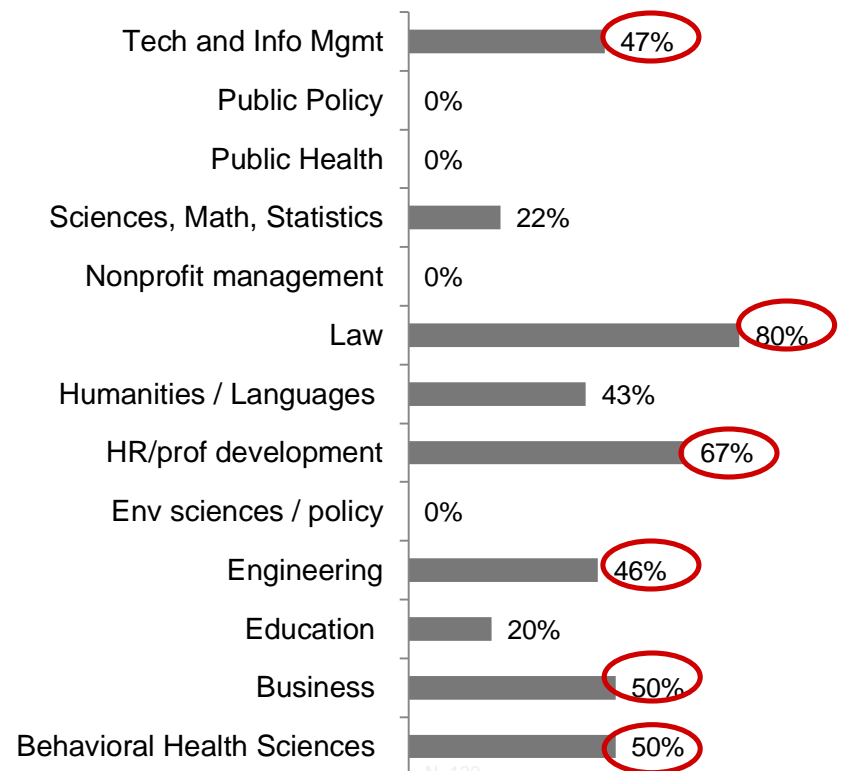
Those with the strongest interest in pursuing an advanced law degree (definitely or probably will) are most likely to have an undergraduate degree related to law, human resources, business, behavioral health sciences, IT management, or engineering.

**Undergraduate Degree Field**



N=120

**Percent of Degree Saying Definitely/Probably Pursue Law Degree**



N=120

N=4,38,5,35,1,3,7,5,1,9,1,1,19,5

# Profile of 'Definitely Pursuing'

another degree in the next 5 years

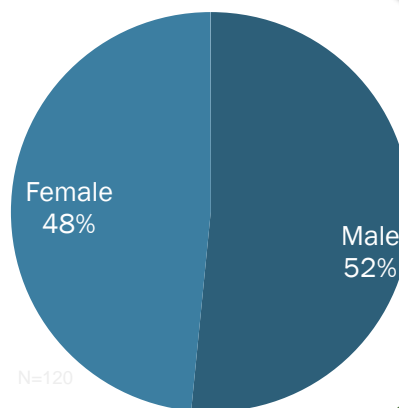
Those most committed to further education are in their late 20s or early 30s. They had an undergraduate GPA of at least 3.5. A substantial mix are employed in technology or business.

## Current Occupation

<u>Technical (Net)</u>	<u>39%</u>
IT/Tech Management	23%
Engineer	16%
<u>Business (Net)</u>	<u>33%</u>
Middle Management	20%
Accountant	5%
Sr. Management	8%
Other	16%
Unemployed/Student/Homemaker	11%

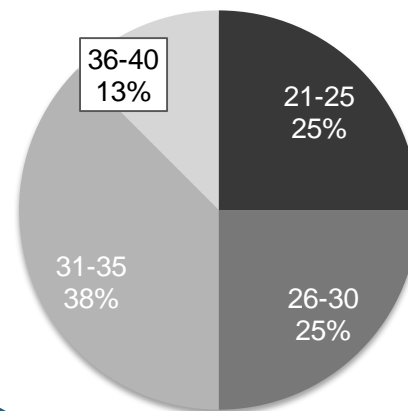
N=120

Gender



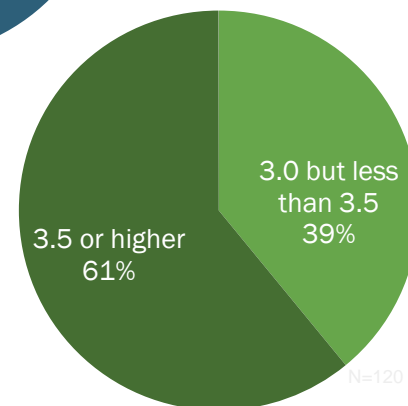
N=120

Age



N=120

GPA



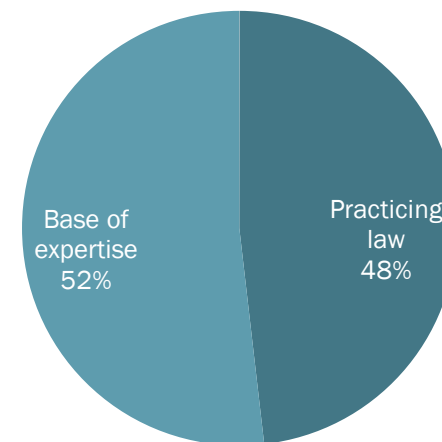
N=120

Q1. Which of these categories includes your age?  
Q3. And, what was your grade point average (GPA)?  
Q30. What is your gender?  
Q7. What is your current occupation

# Current Occupation and Anticipated Benefits of a Law Degree

Most participants work in business or engineering. A law degree would provide a general understanding of legal issues and is expected to expand career opportunities. A substantial number do not intend to practice law.

Expected Application



## Current Occupation

<u>Technical (Net)</u>	<u>37%</u>
IT/Tech Management	20%
Engineer	17%
<u>Business (Net)</u>	<u>35%</u>
Middle Management	20%
Accountant	7%
Sr. Management	8%
Other	14%
Unemployed/Student/Homemaker	10%

## Anticipated Benefits of a Law Degree

General understanding of law	33%
Career change/opportunities	25%
Personal growth	10%
Specific topic of law	9%
No real impact	8%

## Barriers to getting a law degree

Time	34%
Money	38%
Difficult topic	9%
Process issues	5%
No barrier	30%

Q7. What is your current occupation?

Q8. You mentioned that you (definitely will/probably will/might or might not) consider a law degree. How would a law degree benefit you in your career?

# Interest in UC Hastings Concept

# UC Hastings Part-Time Professional JD Concept

## **Concept Statement as Presented.**

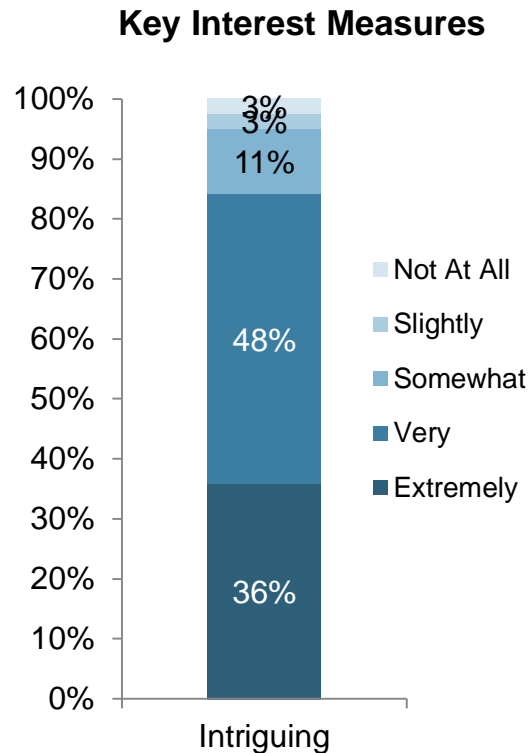
*A highly respected California Law School is considering offering a more flexible, and specific Doctors of Jurisprudence (J.D.) Degree in a format that will accommodate working students' schedules and professional interests.*

*University of California—Hastings College of Law is considering offering a Part-Time Professional JD degree in which students will have a streamlined first year course load and have many more options to pursue electives, relevant to legal implications in a particular industry or discipline. This program design allows students to pursue their degree while continuing to work; and increases the likelihood that their degree will be directly applicable and complimentary to their career aspirations. UC Hastings is located in the Civic Center area of San Francisco.*

## **Potential Online Component Statement as Presented.**

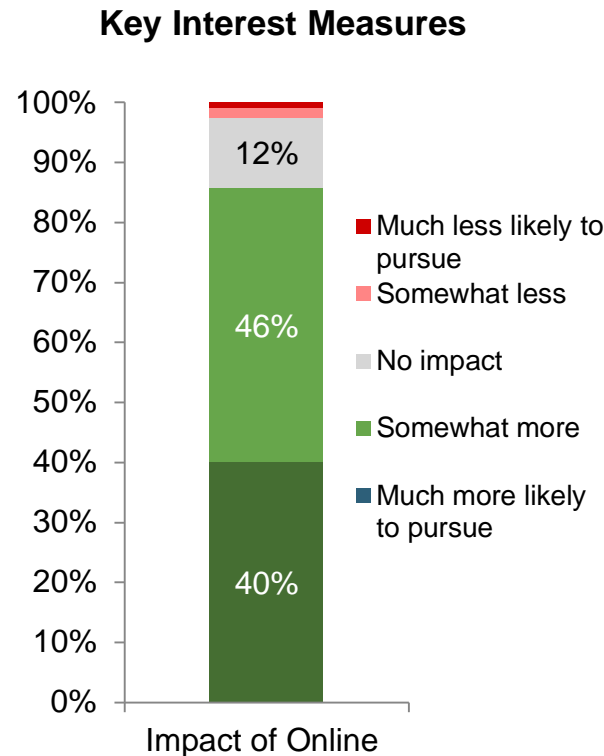
*Another approach being considered is to offer this degree in a partially online format to accommodate working students' schedules and professional interests. This would still have a streamlined first year course load, and would also have options to pursue electives online. This program design allows students to pursue their degree in a much more flexible format, while continuing to work and advance their careers.*

# Respondents Rated Concept as Very Intriguing



N=120

# An Added Online Component Increases the Likelihood of Pursuing the Degree



N=120

Q13. How, if at all, does this partially online approach impact your interest in this degree program?

# Impact of Online Component

The possibility of an online component strengthens their resolve to pursue a degree. For those intrigued by the UC Hastings concept, an online component enhances their interest.

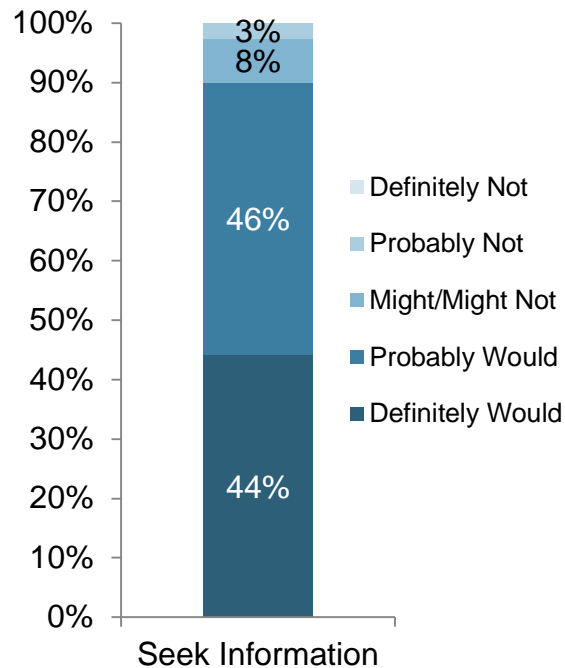
	Impact of Having an Online Component				
<i><b>Reaction to the UC Hastings Concept</b></i>	<b>Much More Likely to Pursue</b>	<b>Somewhat More Likely to Pursue</b>	<b>Not Impact on the Decision</b>	<b>Somewhat Less Likely to Pursue</b>	<b>Much Less Likely to Pursue</b>
Extremely Intrigued	<b>58%</b>	<b>40%</b>	2%	0%	0%
Very Intrigued	<b>38%</b>	<b>53%</b>	9%	0%	0%
Somewhat, Slightly, or Not At All Intrigued	5%	37%	42%	11%	5%

	Impact of Having an Online Component				
<i><b>Considering an Advanced Degree in Next 5 Years</b></i>	<b>Much More Likely to Pursue</b>	<b>Somewhat More Likely to Pursue</b>	<b>Not Impact on the Decision</b>	<b>Somewhat Less Likely to Pursue</b>	<b>Much Less Likely to Pursue</b>
Definitely Will Pursue	<b>52%</b>	<b>36%</b>	9%	2%	2%
Probably Will Pursue	<b>25%</b>	<b>63%</b>	9%	4%	0%



# Extremely High Willingness to Seek Information

Key Interest Measures



N=120

# Reasons for Interest

The ability to work while going to school is very appealing and the topic is interesting. .  
Potential for online courses allows students to participate on their own schedule and carries an implication that the material is more up to date.

## Concept Overall

<i>Flexibility</i>	42%
<i>Topic/program of interest</i>	29%
<i>Location/close</i>	12%
<i>School reputation</i>	9%
<i>Enable opportunities</i>	9%

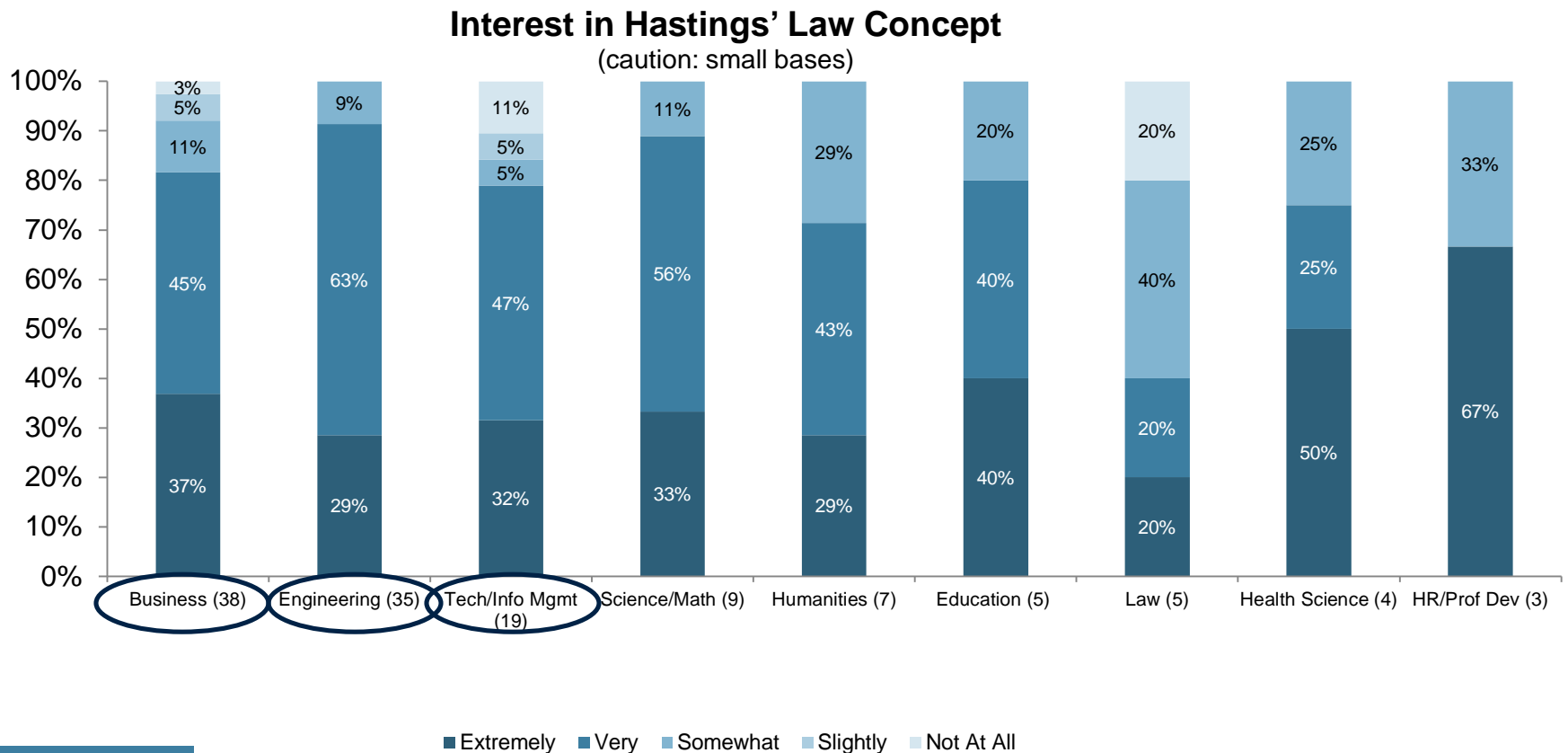
## Online Component

<i>Like online/better approach for me</i>	44%
<i>Flexibility</i>	31%
<i>Topic/program of interest</i>	9%
<i>Concerns about online/learning style</i>	8%
<i>Financially better online</i>	5%

# Intrigued by Concept by Undergraduate Degree

Those with degrees in business, engineering or technology show substantial interest in this law degree.

Other degree fields report interest, but have very low representation in this research.



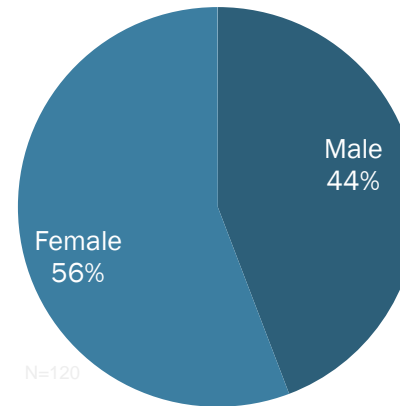
# Profile of 'Extremely Intrigued'

Those most intrigued by the concept are more likely to be women, in their low 30s who had an undergraduate GPA of 3.5 or higher. Four in ten are currently employed in technical and engineering fields.

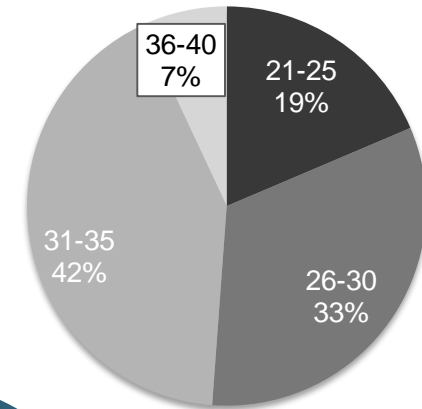
## Current Occupation

<u>Technical (Net)</u>	<u>40%</u>
IT/Tech Management	23%
Engineer	17%
<u>Business (Net)</u>	<u>26%</u>
Middle Management	14%
Accountant	6%
Sr. Management	6%
<small>N=120</small> Educator	9%
Other	16%
Unemployed/Student/Homemaker	9%

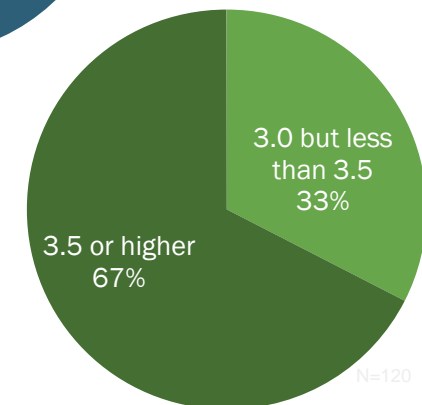
Gender



Age



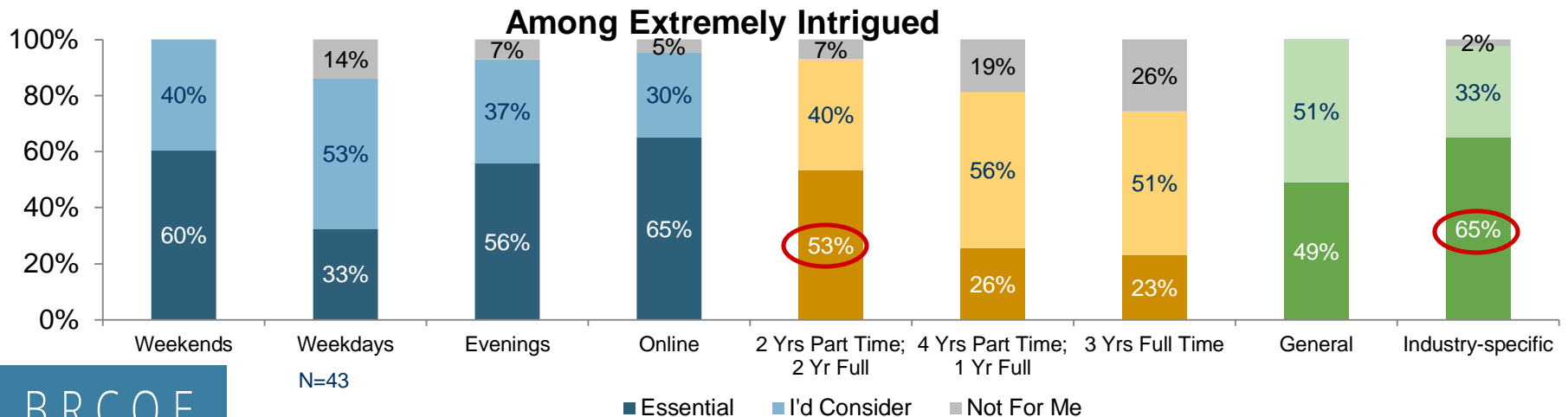
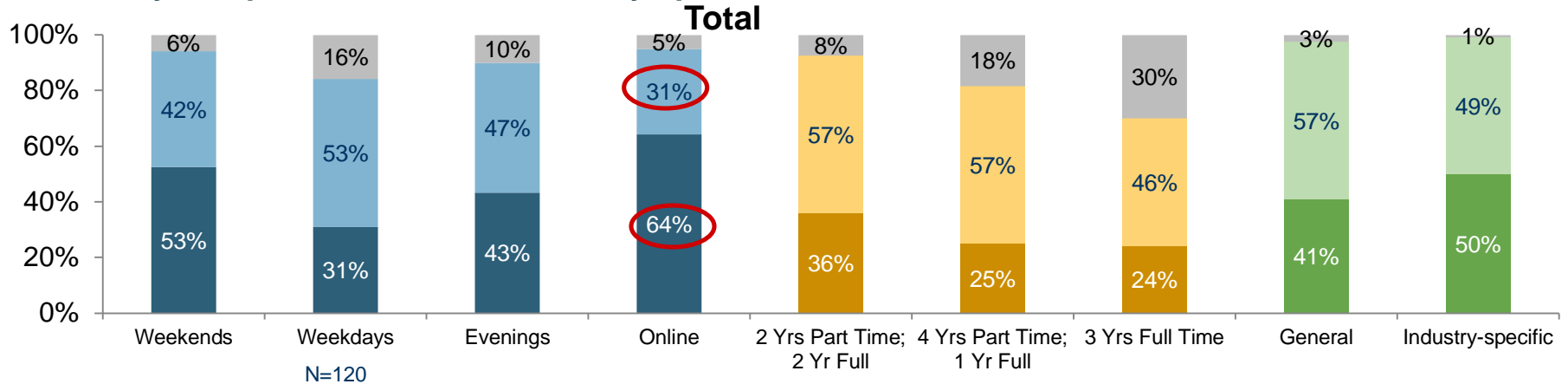
GPA



Q1. Which of these categories includes your age?  
 Q3. And, what was your grade point average (GPA)?  
 Q30. What is your gender?  
 Q7. What is your current occupation

# Program Considerations

Virtually all report that an online component essential or worth considering. Those most intrigued by the program are distinctly more interested in a four year program that offers two years part time and has industry-specific electives.

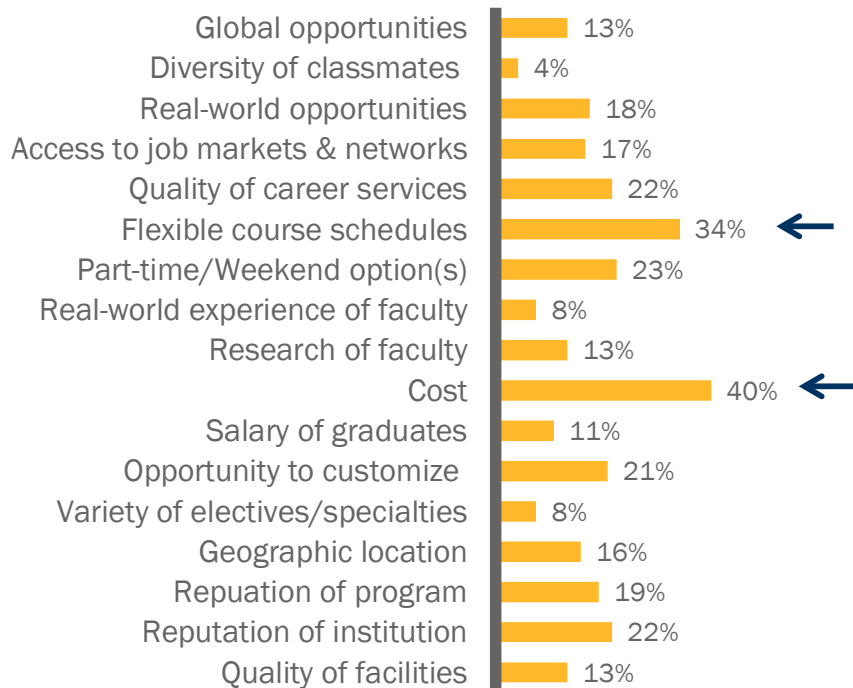


Q15. For each of the following, please indicate how it influences your interest in the program.

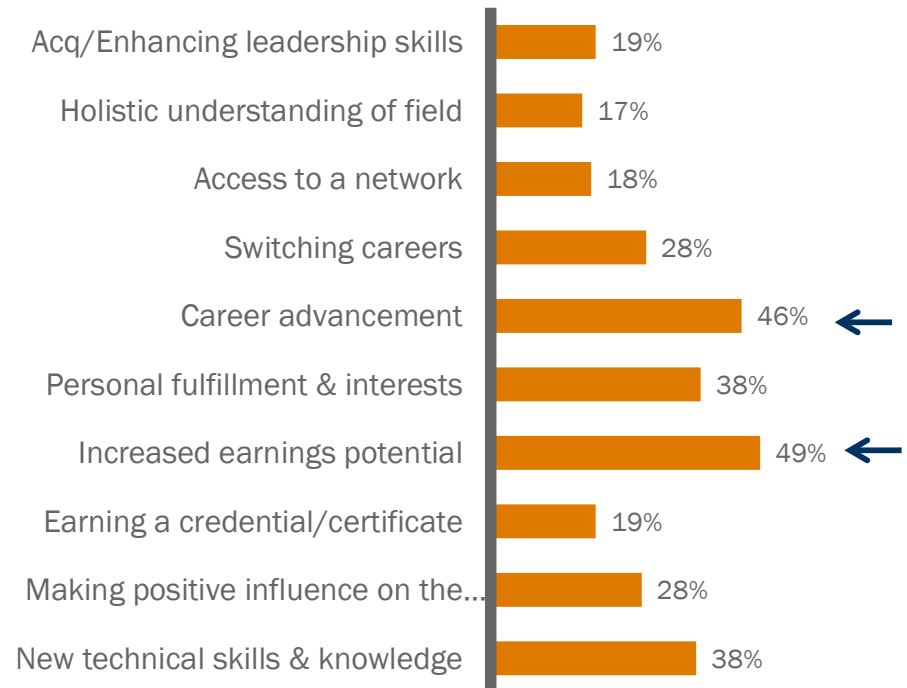
# Motivations for Considering Another Degree

**Cost and program flexibility are the most frequently mentioned considerations in choosing a degree program. Student motivation is largely career advancement and earnings based.**

## Most Important Considerations



## Most Important Motivations



# Most of the students answers and language reflect a multi-faceted interest in fields beyond pure Law

The multi-faceted interests of students should affect:

- Our formation of a course offering
- The inclusion of industry specific electives in the curriculum



*Note: this word cloud is a composite of all the fields that were expected to benefit from a background in law. It depicts the relative number of times any particular field was volunteered. The larger the font, the more mentions each field received. All answers were unaided; no list was provided.*

# Key Findings

**The concept as presented is very intriguing to this audience overall.**

**About half of those interested in the degree do not intend to practice law; rather, they see it as a valuable skill set to enhance their current career.**

- The features/ flexibility offered by other programs, outside the law, affect the attractiveness of the Hastings offering.

**The approach offers the flexibility to pursue the degree while employed. UC Hastings' reputation and location add to its appeal.**

- Flexibility is clearly a key category benefit. Consideration should be given to a configuration that can maintain flexibility over the long term



# Key Findings

**The potential for an online component holds widespread and substantial appeal.**

- Online delivery conveys an up-to-date and modern approach to coursework.
- It offers the flexibility to schedule for individual convenience.
- Only a handful of participants reported hesitation with online learning.
- Lack of Online Delivery could be a competitive vulnerability in the future.

# Key Findings

- **The most interested audience is women 21-35 working in middle management, engineering or technology.**

They had a distinctly higher GPA in their undergraduate work. They can be targeted by their undergraduate majors. They are motivated to advance their careers and earning potential, yet need the scheduling flexibility to balance work and family commitments.

This group prefers:

- night or weekend classes
- a four-year (two part-time, two full-time) program
- an online component
- industry-specific electives

# Issues to Consider in Further Research

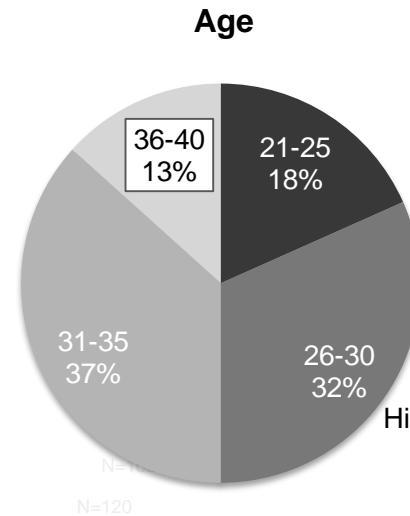
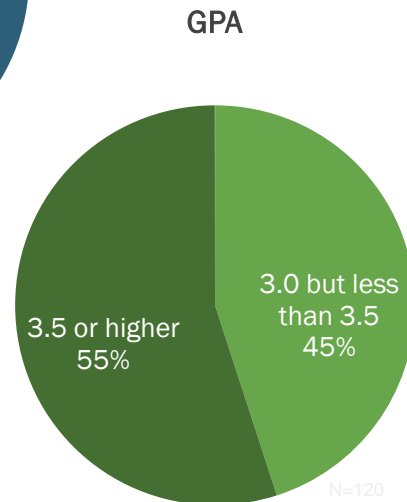
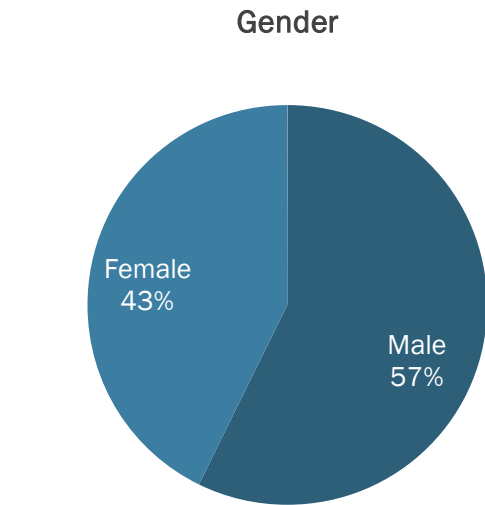
On the basis of this research, UC Hastings may wish to consider the following in its program and marketing planning regarding a part-time professional JD.

1. **Evaluate the potential for a flexible degree targeted to women 35 and younger, in middle management of business, technology or engineering fields.** This group shows a keen interest in the concept and its potential to advance their careers.
2. **Recognize the importance of flexibility and the connected perception of online and flexibility for this target.** Most are employed and have families. They consider flexibility in scheduling and delivery methods to be essential to choosing the program. Online = Flexible for them.
3. **Consider industry-specific electives.** A substantial number of those looking at the program are not interested in practicing law. They recognize the value of the expertise to support their current occupations and goals.
4. **Remember that multiple degree fields are being considered by this target audience.** It will be essential to successful program marketing to keep the competitive marketplace in mind.

# Questions?

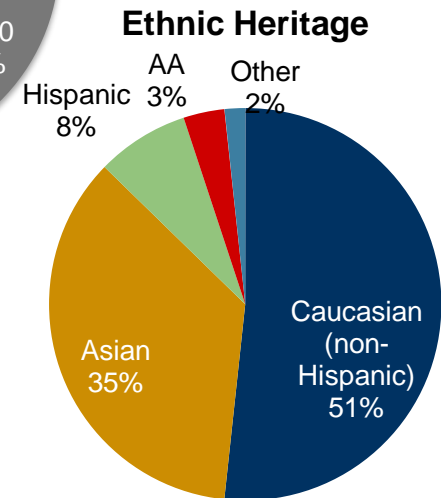
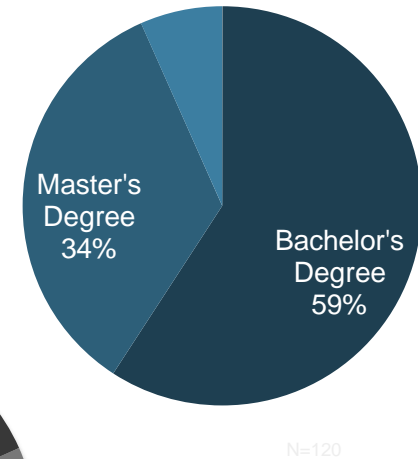
# APPENDIX

# Participant Profile



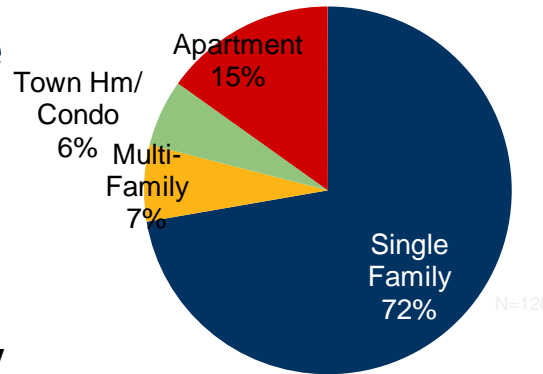
Doctorate  
7%

## Highest Degree Completed

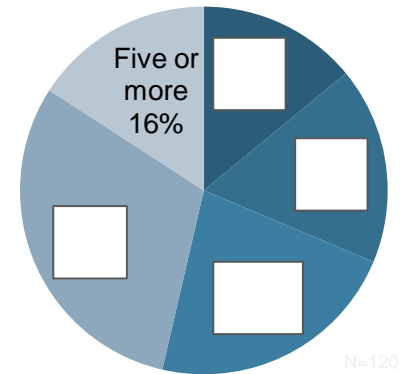


# Participant Profile

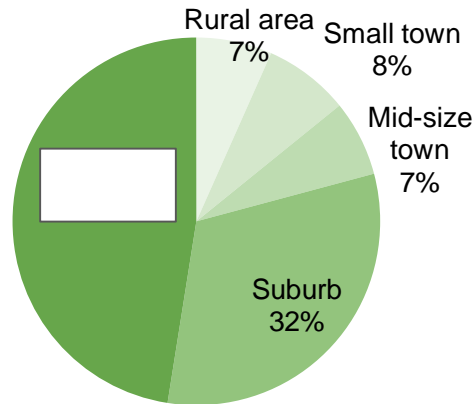
**Dwelling**



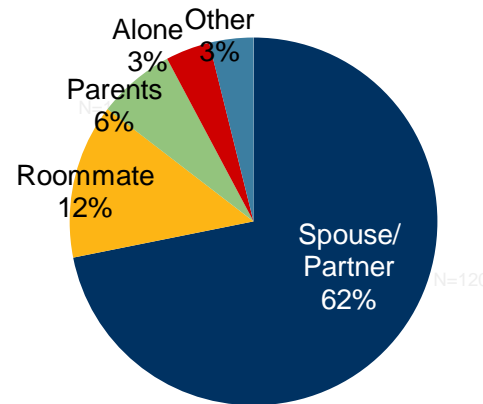
**Number in HHLD**



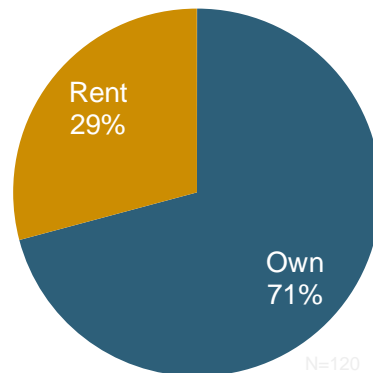
**Community**



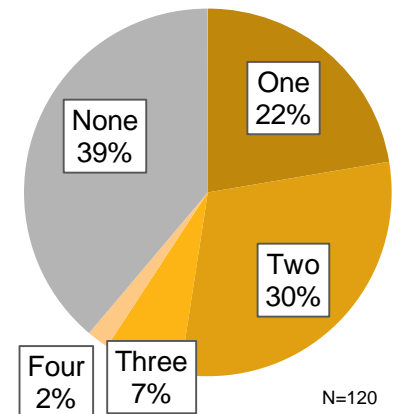
**Household**



**Home Ownership**



**Number of Children at Home**



- Q22. Including yourself, how many people live in your household?  
 Q23. How many minor children live in your household?  
 Q24. With whom do you live?  
 Q26. Do you own or rent your home?  
 Q27. In what type of dwelling do you live?  
 Q28. In what type of community do you live?

**REPORT ITEM**

**1. REPORT BY:** Provost & Academic Dean Elizabeth L. Hillman

**2. SUBJECT:**

5.2 Admissions and Retention Plans

(Written)



# 2015-16 Admissions Update

February 11, 2016



**UC HASTINGS**

COLLEGE OF THE LAW

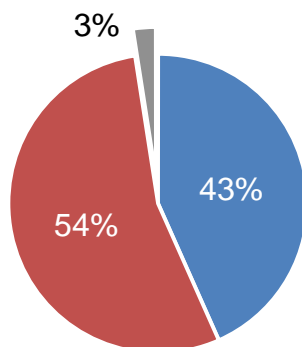
EST. 1878

# National Applicant/Application Update\*

Region	Applicant		Application	
	#	% change	#	% change
Far West	3,539	2.4%	26,369	-2.4
Midsouth	3,397	7.8%	34,720	2.4%
Northeast	4,443	3.6%	31,824	0.7%
...	...	...	...	...
TOTAL	27,183	2.4%	174,013	0.5%

Last year, at this time LSAC had 48% of the preliminary final applicant count by January 22.

Application Volume



■ Increase ■ Decrease ■ No Change

National Applicants	#	% change
Female	14,318	5.4%
Male	12,822	-1.0%
Asian	3,102	2.9%
Black or African American	3,260	-3.0%
Caucasian/White	17,894	2.4%
Hispanic/Latino	3,070	8.0%

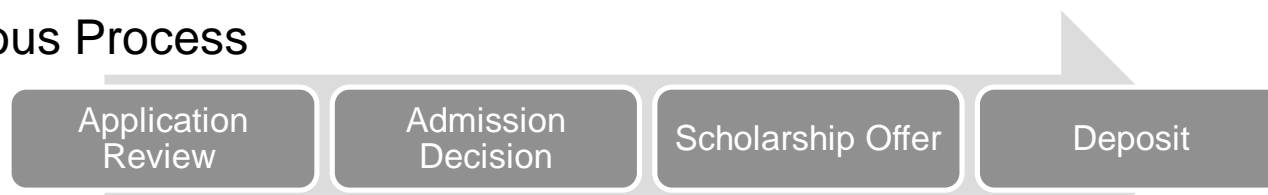
\* Data from LSAC

As of 1/22/16

# UC Hastings Applicants and Process 2015-16\*

		Current	2015	2014	2013
Total Applicants		1800	1864	1828	2361
Applicants by LSAT	75%	162	162	163	164
	50%	158	158	159	159
	25%	153	154	155	155
Applicants by GPA	75%	3.70	3.68	3.68	3.68
	50%	3.44	3.46	3.48	3.47
	25%	3.17	3.19	3.22	3.22

## Previous Process



## New Process

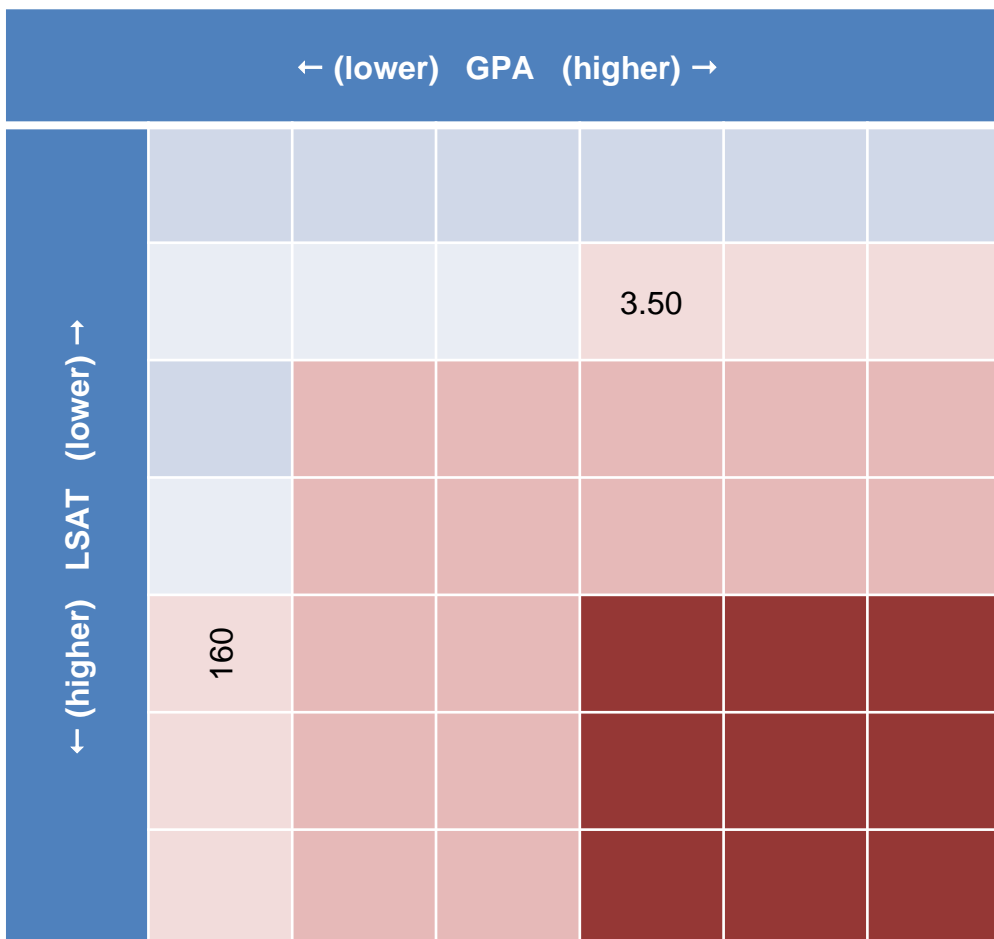


PLUS: Improved coordination with Advancement on Communications.

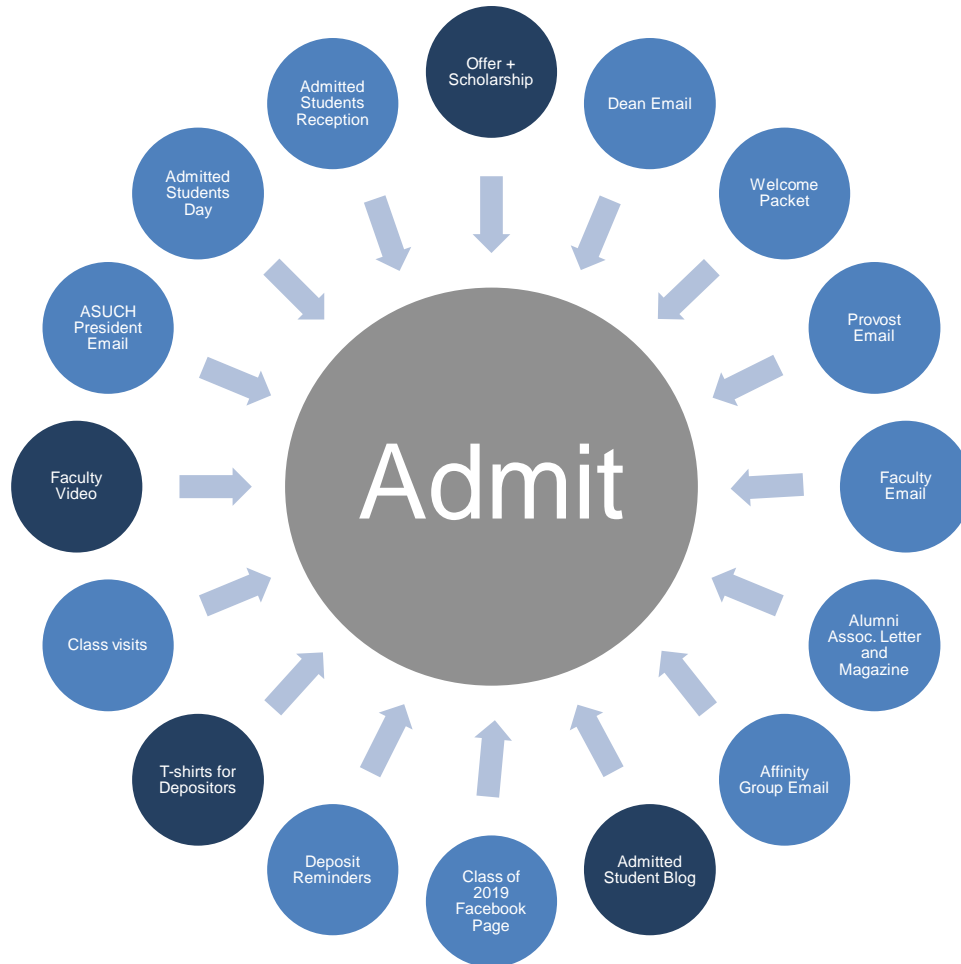
\*As of 1/26/16

# Financial Aid Strategy (data driven)

Scenario 160	Class Size 300
Students Receiving Aid	285
Per Student Tuition	\$43,486
Gross Tuition Revenue	\$13,045,800
Cost of Scholarships	\$6,399,600
Net Tuition Revenue	\$6,399,600
Average Award	\$23,320
Discount Rate	\$53.63%
Admit Rate	46%



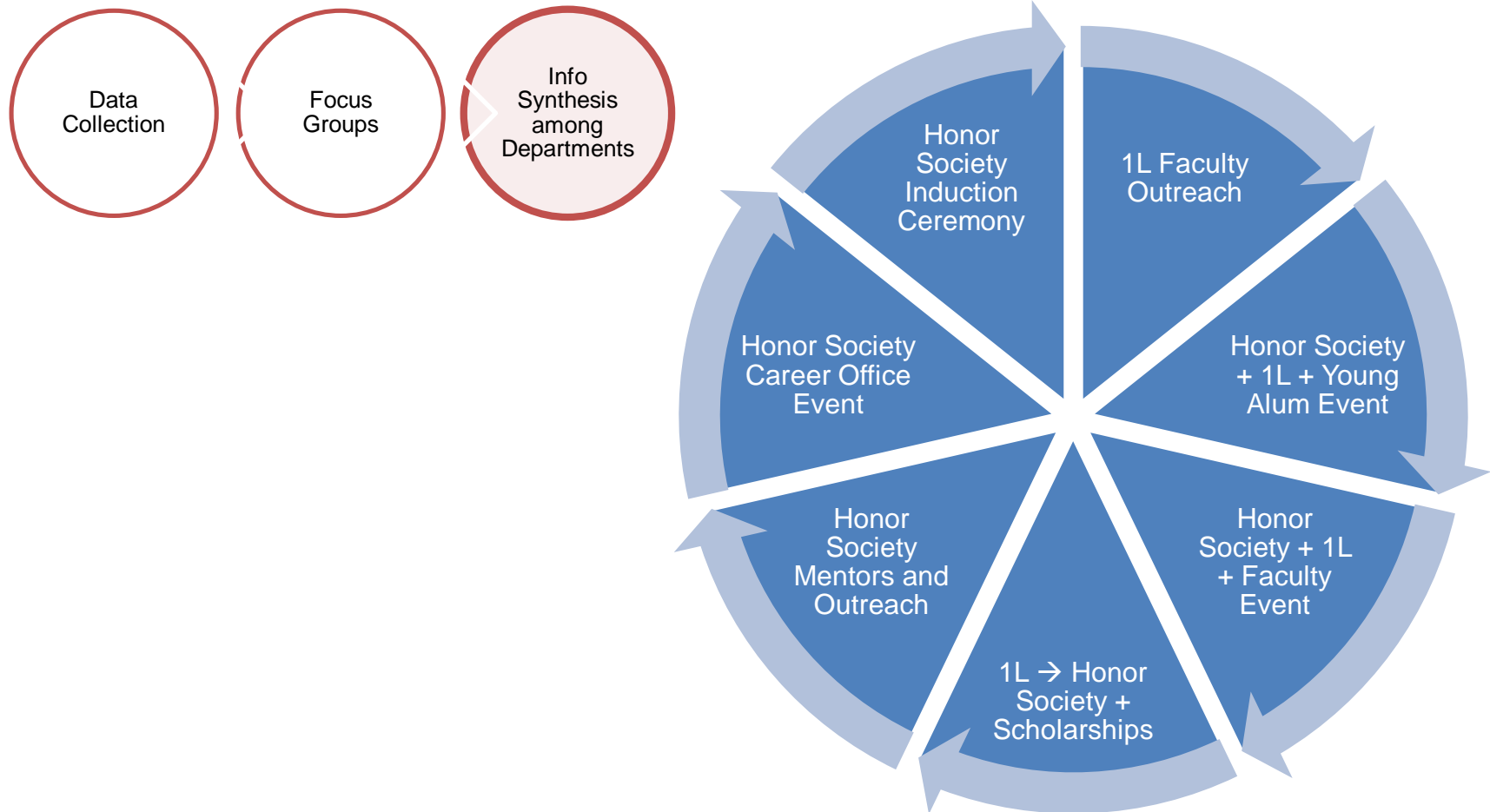
# Yield Strategy



- Swag
- Consistent Visual Message
- Multi-media
- Differentiated Messaging



# Retention Efforts



**REPORT ITEM**

**1. REPORT BY:** Provost & Academic Dean Elizabeth L. Hillman

**2. SUBJECT:**

5.3 Update on Bar Passage Efforts (Written)

# Bar Passage

January 2016 Update



**UC HASTINGS**

COLLEGE OF THE LAW

EST. 1878



# Action Items – Enrollment Management

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Action taken or recommended	1 <sup>st</sup> bar impact
1. Reduce class size	July 2015
2. Raise GPA threshold for continuation	July 2015
3. Reduce # of disqualified students readmitted	July 2016
4. Increase in % of credentials-based aid	July 2018

# Action Items – Curriculum

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Action taken or recommended	1 <sup>st</sup> bar impact
1. Increase sections of Critical Studies courses (bar prep classes) to cover 60% of 3L's in 2016, up from 30% in 2015	July 2016
2. Integrate bar essay questions into 1L classes	July 2017
3. Increase % of students subject to Academic Supervision	July 2015
4. Increase requirements for students subject to Academic Supervision (including, in particular, students near the DQ threshold)	July 2015
5. Increase emphasis in academic advising on students taking bar classes	July 2015
6. Use faculty members to assist with bar curriculum, support other faculty	July 2015

# Action Items – Curriculum (cont.)

Action taken or recommended	1 <sup>st</sup> bar impact
7. Increase use of in-class closed-book exams	July 2015
8. Increase use of multiple choice questions on exams	July 2015
9. Impose more restrictive exam rescheduling policies	July 2015
10. Integrate bar essay questions into 2L/3L bar classes	July 2015
11. Encourage more individualized feedback and opportunities for evaluation before the final exam	July 2015
12. Convene faculty groups by bar subject to review/coordinate curriculum/coverage and to share techniques/tools	July 2015
13. Enforce class attendance and assignment completion	July 2015
14. Extend summer stipend eligibility to include pedagogical innovations	variable
15. Create/expand upper-level writing curriculum	undetermined

# Action Items – Extra-curricular Programming

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Action taken or recommended	1 <sup>st</sup> bar impact
1. Expand orientation to provide legal analysis skills preparation	July 2017
2. Implement unified workshops, Bar Day, and expanded faculty lecture series (together, “ <i>Ready, Set, BAR!</i> ”)	July 2014 Increased July 2015
3. Incentivize student participation in bar pass programming with opportunity to win free/discounted bar prep program	July 2015
4. Hold panel to educate students about different bar prep programs & require better data disclosure by bar prep companies	July 2015
5. Hold student town hall on bar passage (Spring 2015)	July 2015
6. Recruit and assign faculty bar mentors	July 2015

# Action Items – Post-Graduation Support

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Action taken or recommended	1 <sup>st</sup> bar impact
1. Bring bar prep lectures back to campus, set aside study rooms	July 2014
2. Provide access to BarEssays at discount	July 2014
3. Provide regular messages of support	July 2013
4. Compile & share tips from prior passers	July 2014
5. Provide 3 days of lunch to Oakland bar takers	July 2013
6. Ensure students take bar prep courses and incentivize compliance, provide discounted prep courses and bar study loans to students	Ongoing
7. Continue faculty bar mentors	July 2015
8. Make bar consultant available to support post-grad bar studiers	July 2015

# New Bar Pass Initiatives for Class of 2016

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Idea	Impact
<ul style="list-style-type: none"><li>1. 60 % in the Critical Studies (bar prep) course</li><li>2. Expanded orientation with academic success programming</li><li>3. Bar prep programming from 1L year forward</li><li>4. Academic advising and programming through expanded student services and dedicated director of bar passage support</li><li>5. Curriculum re-focus on bar exam testing and topics</li></ul>	<b>2016</b>

# Additional Ideas – Curricular/Extra-Curricular + Other

Idea	1 <sup>st</sup> bar impact
1. Administer simulated bar exam to 3Ls (see #3 intersession idea)	1 yr out
2. Have students do more practice essays/PTs during <i>Ready, Set, BAR!</i> (and possibly over summer), and hire readers to grade and provide feedback on bar essays and PTs	1 yr out
3. Create 1 week voluntary (mandatory but not credit-bearing, or mandatory 1 unit CR/NC) January intersession to: --provide academic support/Baby Bar to 1Ls --provide bar prep to 3Ls (maybe focus on MBEs?)	1-3 yrs out
4. Create 2-3 day mandatory(?) “boot camp” before beginning of 2L fall semester for academic support/Baby Bar	2 yrs out
5. Administer “Baby Bar” to 1Ls (see #3 intersession idea) or rising 2Ls (see #4 2L boot camp idea)	2-3 yrs out
6. Expand orientation further (possibly allocate 1 CR/NC unit)	3 yrs out
7. Allocate 1 unit to 1L PREP/Orientation and reduce LRW to 2 units	3 yrs out
8. Hire professional bar expert consultant to advise us	
9. Reduce enrollment further and raise metrics of incoming students	3 yrs out

**REPORT ITEM**

**1. REPORT BY:** Provost & Academic Dean Elizabeth L. Hillman

**2. SUBJECT:**

5.4 Update on Library and Technology Reorganization (Oral)



**REPORT ITEM**

1.     **REPORT BY:**                   Provost & Academic Dean Elizabeth L. Hillman
2.     **SUBJECT:**
  - 5.5    Provost and Academic Dean Report on Informational Items,  
         Including Academic Programs and Student Services                   (Oral)

## **ACTION ITEM**

**1. REPORT BY:** Eric Dumbleton, Chief Development Officer,  
The Office of Development & Alumni Relations

**2. SUBJECT:** Resolution Amending Standing Order 100.4(m) (2)

**3. REPORT:**

\*6.1 Granting Authority to the Chancellor & Dean to Accept Gifts to the College of  
\$100K or Less in Lieu of the UC Hastings Board of Directors (Written)



**A RESOLUTION OF THE UC HASTINGS BOARD OF DIRECTORS, AMENDING  
STANDING ORDER 100.4(M)2, TO AUTHORIZE THE CHANCELLOR AND DEAN  
TO ACCEPT GIFTS TO THE COLLEGE OF \$100K OR LESS**

**RESOLUTION NO. 2016- \_**

**WHEREAS**, pursuant to the contract authority assigned to the UC Hastings Chancellor & Dean (hereinafter “Chancellor & Dean”) as set forth in the UC Hastings Board of Directors ( hereinafter the “Board”), Standing Order 100.4(m)2, the Chancellor and Dean is authorized to accept gifts to UC Hastings in the amount of \$50K or less without seeking the approval of the Board; and,

**WHEREAS**, the Board wishes to amend Standing Orders 100.4(m)2 to authorize the Chancellor & Dean to accept gifts to UC Hastings in the amount of \$100K or less without seeking the approval of the Board.

**NOW AND THEREFORE, BE IT RESOLVED** that the Board of Directors of the University of California Hastings College of the Law hereby amends Standing Order 100.4(m)2 to authorize the Chancellor & Dean to accept gifts to UC Hastings in the amount of \$100K or less without the approval of the Board.

**BE IT FURTHER RESOLVED** that the Chancellor & Dean shall report receipt of such gifts authorized by this Resolution to the Board at its next scheduled meeting.

Adopted this **4<sup>th</sup> day of March 2016**, by majority vote of the Board of Directors.

\_\_\_\_\_  
Thomas Gede, Chairman  
Board of Directors

ATTEST: \_\_\_\_\_  
Elise K. Traynum, Secretary

## **ACTION ITEM**

- 1. REPORTED BY:** Report of Albert Abramson Professor Leo P. Martinez,  
Chair of the 333 Golden Gate Capital Campaign
- 2. SUBJECT:** Fundraising for 333 Golden Gate Ave.
- 3. REPORTS:** Written
  - \*6.2.1 Resolution Establishing the “Building UC Hastings Fund” (Written)
  - \*6.2.2 Resolution Fast-Tracking the Gift Acceptance Process (Written)
  - \*6.2.3 Resolution Regarding the Naming of UC Hastings Properties,  
Programs, and Facilities Procedures (Written)

**ACTION ITEM**

- 1. REPORTED BY:** Report of Albert Abramson Professor Leo P. Martinez,  
Chair of the 333 Golden Gate Capital Campaign
- 2. SUBJECT:** Fundraising for 333 Golden Gate Ave.
- 3. REPORTS:** Written

\*6.2.1 Resolution Establishing the “Building UC Hastings Fund”

(Written)



**A RESOLUTION OF THE BOARD OF DIRECTORS OF  
UC HASTINGS ESTABLISHING THE “BUILDING UC HASTINGS FUND” FOR  
THE DEVELOPMENT OF A NEW ACADEMIC BUILDING AT  
333 GOLDEN GATE AVE**

**RESOLUTION NO. 2016-\_\_**

**WHEREAS**, on June 24, 2015, Governor Edmund G. Brown Jr. signed the budget bill for fiscal year 2016-17, appropriating \$36.8 million to UC Hastings for the development of a new academic building at 333 Golden Gate Ave in furtherance of the UC Hastings Long Range Campus Plan; and,

**WHEREAS**, the budget bill authorizes UC Hastings to use private donations to supplement the state’s appropriation for building enhancements so as to fully leverage the opportunity to create a “top of class” facility commensurate with UC Hastings stature and prominence.

**NOW, THEREFORE, BE IT RESOLVED** that the Board of Directors of the University of California Hastings College of the Law hereby establishes a restricted- use fund to be known as the “Building UC Hastings Fund” (hereinafter the “Fund”) to accumulate moneys to help pay for building enhancements for the new academic building to be developed at 333 Golden Gate Ave.

**BE IT FURTHER RESOLVED** that expenditures from the Fund shall be made only for the purpose for which the Fund is established.

Adopted this **4<sup>th</sup> day of March, 2016** by majority vote of the Board of Directors.

\_\_\_\_\_  
Thomas Gede, Chairman  
Board of Directors

ATTEST: \_\_\_\_\_  
Elise K. Traynum, Secretary

**ACTION ITEM**

- 1. REPORTED BY:** Report of Albert Abramson Professor Leo P. Martinez,  
Chair of the 333 Golden Gate Capital Campaign
- 2. SUBJECT:** Fundraising for 333 Golden Gate Ave.
- 3. REPORTS:** Written

\*6.2.2 Resolution Fast-Tracking the Gift Acceptance Process

(Written)



**A RESOLUTION OF THE BOARD OF DIRECTORS OF UC HASTINGS,  
ESTABLISHING A PROCEDURE TO FAST TRACK GIFTS TO THE  
“BUILD UC HASTINGS FUND”**

**RESOLUTION NO. 2016-\_\_**

**WHEREAS**, pursuant to UC Hastings Board of Directors (hereinafter the “Board”) Standing Order 100(m) 2, Board approval of major gifts at a duly noticed meeting of the Board is required; and,

**WHEREAS**, under California open meeting laws, it may take up to ten days to convene a meeting of the UC Hastings Board of Directors; and,

**WHEREAS**, on March 4, 2016, the Board established a restricted-use fund entitled the “Build UC Hastings Fund” (hereafter the “Fund”) to accept gifts from donors to support the development of the proposed new academic building at 333 Golden Gate Ave; and,

**WHEREAS**, the Board wishes to create a procedure to fast track gifts to the Fund.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the University of California Hastings College of the Law hereby authorizes a process to fast track any gift to the Fund over \$100K subject to the following conditions:

1. Only the Chancellor & Dean, has authority to grant interim approval of such gifts after consultation with the UC Hastings General Counsel.
2. The Chancellor & Dean must notify the Chair of the Board of the gift, immediately, and the Chair of the Board may call a special meeting of the Board Executive Committee to consider acceptance of the gift if a regularly scheduled meeting of the Board is not imminent. A special meeting requires 72 hours’ notice under California open meeting laws.
3. The Executive Committee shall have full power to accept such gifts on behalf of the Board under the circumstances. Any action taken by the Executive



Committee shall be reported to and ratified by the Board at its next meeting following the action pursuant to By-Law 7.1(b).

Adopted this **4th day of March, 2016** by majority vote of the Board of Directors.

\_\_\_\_\_  
Thomas Gede, Chairman  
Board of Directors

ATTEST: \_\_\_\_\_  
Elise K. Traynum, Secretary

## **ACTION ITEM**

- 1. REPORTED BY:** Report of Albert Abramson Professor Leo P. Martinez,  
Chair of the 333 Golden Gate Capital Campaign
- 2. SUBJECT:** Fundraising for 333 Golden Gate Ave.
- 3. REPORTS:** Written

\*6.2.3 Resolution Regarding the Naming of UC Hastings Properties,  
Programs, and Facilities Procedures

(Written)



**A RESOLUTION OF THE BOARD OF DIRECTORS OF UC HASTINGS,  
ESTABLISHING SUGGESTED GIFT LEVELS FOR NAMING OPPORTUNITIES FOR  
THE DEVELOPMENT OF THE NEW ACADEMIC BUILDING LOCATED AT  
333 GOLDEN GATE AVE**

**RESOLUTION NO. 2016-\_\_**

**WHEREAS**, on December 8, 2000, at a regular meeting of the UC Hastings Board of Directors, (hereinafter the “Board”) adopted standards in the UC Hastings *Development Policy and Administrative Manual* (“Policy”), as related to naming opportunities; and,

**WHEREAS**, on March 4, 2016, at a regular meeting of the the Board established a restricted fund entitled the “Building UC Hasting Fund” to accept gifts from donors to support the development of a new, state-of-art academic building to be located at 333 Golden Gate Ave in accordance with the College’s Long Range Campus Plan; and,

**WHEREAS**, UC Hastings seeks to appropriately recognize donors to the “Building UC Hasting Fund” by providing them with naming opportunities for the new academic building in honor of a donor’s family, a company or organization, an honored member of the UC Hastings community, or other worthy individual; and,

**WHEREAS**, the Board wishes to suggest minimum gift levels for naming opportunities extended to donors related to the development of the new academic building.

**THEREFORE, BE IT RESOLVED**, that the Board of Directors of the University of California Hastings College of the Law hereby suggests minimum gift levels set forth in Exhibit A for naming opportunities as related to the new academic building to be developed at 333 Golden Gate Ave; and, hereby authorizes the Chancellor and Dean and his designees to move forward in fundraising opportunities based on suggested minimum gift levels set forth in Exhibit A.

Adopted this **4<sup>th</sup> day of March 2016**, by majority vote of the Board of Directors.

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Thomas Gede, Chairman  
Board of Directors

ATTEST: \_\_\_\_\_  
Elise K. Traynum, Secretary

## Exhibit A

<u>SPACE</u>	<u>#</u>	<u>NAMING \$</u>	<u>TOTAL</u>
Building	1	\$10,000,000	\$10,000,000
Rooftop Beach	1	\$2,000,000	\$2,000,000
Law Library	1	\$2,000,000	\$2,000,000
Clinics Hub	1	\$1,000,000	\$1,000,000
Law Café	1	\$1,000,000	\$1,000,000
Sky Bridges	2	\$1,000,000	\$2,000,000
Classrooms*	15	\$1,000,000	\$15,000,000
ARC	1	\$1,000,000	\$1,000,000
Chancellor & Dean Suite	1	\$500,000	\$500,000
Green Roof	1	\$500,000	\$500,000
Academic Dean Suite	1	\$250,000	\$250,000
Research Centers	6	\$250,000	\$1,500,000
Conference Rooms	4	\$250,000	\$1,000,000
Entrance Courtyard	1	\$250,000	\$250,000
Career Center	1	\$100,000	\$100,000
Student Services Center	1	\$100,000	\$100,000
Faculty Lounge	1	\$100,000	\$100,000
Faculty Offices	30	\$50,000	\$1,500,000
<i>TOTAL</i>			<b>\$39,800,000</b>

\*\$250K to bricks and mortar; \$750K to establish named sc

**REPORT ITEM**

1. **REPORT BY:** Eric Dumbleton, Chief Development Officer,  
Institutional Advancement
2. **SUBJECT:** Development Reports Review:
  - Cy Pres Gifts
  - \$100K+ Gifts & Pledges
  - Realized Planned Gifts
  - Fundraising Comparison Raised Report
  - Fundraising Comparison Received Report
  - Pledges – Year to Date Comparison Report
3. **REPORT:** Written

**Background:**

- A review of year-to-date reports highlighting FY16 fundraising progress.

**Attachments:**

- 6.3 Cy Pres Gifts
- 6.4 \$100K+ Gifts & Pledges
- 6.4 Realized Planned Gifts
- 6.6 Fundraising Comparison Raised Report
- 6.7 Fundraising Comparison Received Report
- 6.8 Pledges – Year to Date Comparison Report

**Gift Date   Gift Amount   Fund**

**Fiscal Year 2015-16**

7/1/2015	\$6,620.52	UCSF Collaboration
7/1/2015	\$6,620.52	Privacy and Technology Project
	<u><u>\$13,241.04</u></u>	

**Fiscal Year 2014-15**

10/9/2014	\$328,456.41	Privacy and Technology Project
8/12/2014	\$50,000.00	Antitrust Pharmaceutical Cy Pres
	<u><u>\$378,456.41</u></u>	

**Fiscal Year 2013-14**

1/2/2014	\$483,970.40	Privacy and Technology Project
	<u><u>\$483,970.40</u></u>	

**Fiscal Year 2012-13**

4/17/2013	\$3,482.14	UC Hastings Foundation
1/28/2013	\$100,000.00	Privacy and Technology Project
1/28/2013	\$12,786.35	Privacy and Technology Project
	<u><u>\$116,268.49</u></u>	

**Name**

Ridge v Infinity Sales Group Cy Pres Distribution  
Ridge v Infinity Sales Group Cy Pres Distribution

Netflix Cy Pres Distribution  
Tricor Indirect Purchaser Cy Pres Distribution

Lanchester v WAMU Cy Pres Settlement

Gilbert Estupinan Et al V. Global Development Strategies  
Batmanghelich v. Sirius XM Radio, Inc Settlement  
Batmanghelich v. Sirius XM Radio, Inc Settlement

## \$100K Plus YTD Comparison Report

07/01/13 - 01/26/14				07/01/14 - 01/26/15				07/01/15 - 01/26/16			
GiftDate	Gift Type	GiftAmount	Fund	GiftDate	Gift Type	GiftAmount	Fund	GiftDate	Gift Type	GiftAmount	Fund
7/1/2013	Pledge	\$200,000.00	UC Hastings Foundation Blum Foundation	12/24/2014	Cash	\$133,333.00	Scholarship General Class of 1964	7/1/2015	Cash	\$185,533.04	Scholarship Blum Foundation
7/3/2013	Cash	\$178,319.59	Scholarship CGRS (Center for Gender & Refugee Studies)	10/10/2014	Cash	\$162,500.00	Scholarship Privacy and Technology Project Class of 1964	12/21/2015	Cash	\$123,315.17	General Scholarship UC Hastings Foundation
7/24/2013	Pledge	\$150,000.00	Grove Foundation grant Jennifer Keller '78	10/9/2014	Cash	\$328,456.41	Scholarship	1/15/2016	Cash	\$150,000.00	
9/12/2013	Pledge	\$588,000.00	Judicial Externships Privacy and Technology	9/22/2014	Cash	\$100,000.00					
12/27/2013	Cash	\$125,000.00	Project Pfaff Trial Lawyer								
1/2/2014	Cash	\$483,970.40	Scholarship								
1/20/2014	Pledge	\$105,275.00									



# Comparison Year to Date Report

## Realized Planned Gift

Gift appeal	7/1/2013 to 1/26/2014			7/1/2014 to 1/26/2015			7/1/2015 to 1/26/2016		
	Number of Donors	Total given	Avg given per donor	Number of Donors	Total given	Avg given per donor	Number of Donors	Total given	Avg given per donor
Planned Gift	0	\$0	\$0	3	\$178,098	\$59,366	1	\$150,000	\$150,000
	0	\$0	\$0	3	\$178,098	\$59,366	1	\$150,000	\$150,000

# UC Hastings Foundation

## Comparison Year-to-Date Raised Report

	7/1/2013 to 01/26/2014					7/1/2014 to 01/26/2015						7/1/2015 to 01/26/2016					
	Total	Number of	Percentage of	Avg given	Largest	Total	Number of	Percentage of	Avg given	Largest	Variance	Total	Number of	Percentage of	Avg given	Largest	Variance
	given	Gifts	total given	per gift	Gifts	given	Gifts	total given	per gift	Gifts	Percentage	given	Gifts	total given	per gift	Gifts	Percentage
<b>Restricted</b>																	
Capital & Facilities	\$0	0	0.00%	\$0	\$0	\$150	1	0.01%	\$150	\$150	0%	\$0	0	0.00%	\$0	\$0	0%
Centers & Programs	\$1,625,234	300	45.91%	\$5,417	\$588,000	\$799,856	370	30.89%	\$2,162	\$328,456	-50.79%	\$430,900	484	23.49%	\$890	\$25,000	-46%
Clinical Education	\$10,480	17	0.30%	\$616	\$6,400	\$22,388	13	0.86%	\$1,722	\$10,000	114%	\$4,750	6	0.26%	\$792	\$2,650	-79%
Faculty	\$94,932	24	2.68%	\$3,956	\$45,000	\$35,655	9	1.38%	\$3,962	\$25,000	-62%	\$11,916	5	0.65%	\$2,383	\$5,250	-67%
Faculty Chair	\$5,000	1	0.14%	\$5,000	\$5,000	\$0	0	0.00%	\$0	\$0	-100%	\$0	0	0.00%	\$0	\$0	0%
Financial Aid	\$772,473	157	21.82%	\$4,920	\$178,320	\$875,411	166	33.81%	\$5,274	\$162,500	13%	\$462,696	94	25.22%	\$4,922	\$187,131	-47%
Library	\$0	0	0.00%	\$0	\$0	\$100	1	0.00%	\$100	\$100	0%	\$50	1	0.00%	\$50	\$50	-50%
Miscellaneous (Suspense Account)	\$14,207	16	0.40%	\$888	\$5,191	\$38,826	27	1.50%	\$1,438	\$11,202	173%	\$118,199	61	6.44%	\$1,938	\$75,000	204%
Student Organizations	\$22,131	66	0.63%	\$335	\$5,000	\$48,968	133	1.89%	\$368	\$5,000	121%	\$42,590	141	2.32%	\$302	\$5,000	-13%
<b>Subtotal:</b>	<b>\$2,544,457</b>	<b>581</b>		<b>\$4,379</b>		<b>\$1,821,354</b>	<b>720</b>		<b>\$2,530</b>			<b>\$1,071,101</b>	<b>792</b>		<b>\$1,352</b>		
<b>Unrestricted</b>																	
	\$995,971	1,752	28.13%	\$568	\$200,000	\$767,743	1,133	29.65%	\$678	\$50,000	-23%	\$763,401	1,188	41.61%	\$643	\$150,000	-1%
<b>Subtotal:</b>	<b>\$995,971</b>	<b>1,752</b>		<b>\$568</b>		<b>\$767,743</b>	<b>1,133</b>		<b>\$678</b>			<b>\$763,401</b>	<b>1,188</b>		<b>\$643</b>		
<b>Total Raised:</b>	<b>\$3,540,428</b>	<b>2,333</b>	<b>100.00%</b>	<b>\$1,518</b>		<b>\$2,589,097</b>	<b>1,853</b>	<b>99.99%</b>	<b>\$1,397</b>		<b>-27%</b>	<b>\$1,834,502</b>	<b>1,980</b>	<b>100.00%</b>	<b>\$927</b>		<b>-29%</b>

Notes: \*Cash and Pledges only

# UC Hastings Foundation

## Comparison Year-to-Date Received Report

7/1/2013 to 01/26/2014										7/1/2014 to 01/26/2015										7/1/2015 to 01/26/2016									
Restricted	Total		Percentage of		Avg given		Largest		Number of	Percentage of		Avg given		Largest		Variance	Total		Percentage of		Avg given		Largest		Variance				
	given		total given	per gift	Gifts	total given	per gift	Gifts		total given	per gift	Gifts	total given	per gift	Gifts		total given	per gift	Gifts	total given	per gift	Gifts	total given	per gift		Gifts	Percentage		
Capital & Facilities	\$0		0	0.00%	\$0	\$0	\$150	\$150	1	0.00%	\$150	\$150	\$150	\$150	\$150	0%	\$0	\$0	0	0.00%	\$0	\$0	\$0	\$0	0%				
Centers & Programs	\$1,093,708		309	35.72%	\$3,540	\$483,970	\$1,104,336	\$328,456	387	34.95%	\$2,854	\$328,456	\$328,456	\$328,456	\$328,456	0.97%	\$624,004	\$134,000	496	23.63%	\$1,258	\$134,000	\$134,000	\$134,000	-43%				
Clinical Education	\$10,085		18	0.33%	\$560	\$6,400	\$123,938	\$102,500	14	3.92%	\$8,853	\$102,500	\$102,500	\$102,500	\$102,500	1129%	\$5,000	\$2,650	7	0.19%	\$714	\$2,650	\$2,650	\$2,650	-96%				
Faculty	\$63,350		31	2.07%	\$2,044	\$29,583	\$48,073	\$25,417	17	1.52%	\$2,828	\$25,417	\$25,417	\$25,417	\$25,417	-24%	\$16,916	\$5,250	11	0.64%	\$1,538	\$5,250	\$5,250	\$5,250	-65%				
Faculty Chair	\$1,100		1	0.04%	\$1,100	\$1,100	\$1,100	\$1,100	1	0.03%	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100	0%	\$251,100	\$250,000	2	9.51%	\$1,100	\$250,000	\$250,000	\$250,000	25109900%				
Financial Aid	\$874,285		186	28.56%	\$4,700	\$250,000	\$1,103,288	\$250,000	186	34.92%	\$5,932	\$250,000	\$250,000	\$250,000	\$250,000	26%	\$789,176	\$250,000	131	29.89%	\$6,024	\$250,000	\$250,000	\$250,000	-28%				
Library	\$0		0	0.00%	\$0	\$0	\$100	\$100	1	0.00%	\$100	\$100	\$100	\$100	\$100	0%	\$50	\$50	1	0.00%	\$50	\$50	\$50	\$50	-50%				
Miscellaneous (Suspense Account)	\$14,207		16	0.46%	\$888	\$5,191	\$43,726	\$11,202	27	1.38%	\$1,619	\$11,202	\$11,202	\$11,202	\$11,202	208%	\$118,150	\$75,000	59	4.47%	\$2,003	\$75,000	\$75,000	\$75,000	170%				
Student Organizations	\$34,699		72	1.13%	\$482	\$5,000	\$52,568	\$5,000	140	1.66%	\$375	\$5,000	\$5,000	\$5,000	\$5,000	51%	\$45,797	\$5,000	144	1.73%	\$318	\$5,000	\$5,000	\$5,000	-13%				
Subtotal:	\$2,091,434		633		\$3,304		\$2,477,279		774		\$3,201		\$3,201		\$3,201		\$1,850,193		851		\$2,174		\$2,174						
Unrestricted	\$970,301		1,829	31.69%	\$531	\$200,000	\$682,180	\$50,000	1,201	21.59%	\$568	\$50,000	\$50,000	\$50,000	\$50,000	-30%	\$790,172	\$150,000	1,281	29.93%	\$617	\$150,000	\$150,000	\$150,000	16%				
Subtotal:	\$970,301		1,829		\$531		\$682,180		1,201		\$568		\$568		\$568		\$790,172		1,281		\$617		\$617						
Total Received:	\$3,061,735		2,462	100.00%	\$1,244		\$3,159,459		1,975	100.00%	\$1,600		\$1,600		\$1,600	3%	\$2,640,365		2,132	100.00%	\$1,238		\$1,238		-16%				

Notes: \*Cash and Pledge payments

# YTD Comparison Report

## *Pledges*

07/01/15 to 02/10/16		
Number of Pledges	Total Pledge Amount	Avg Amount per Pledge
44	\$92,130	\$2,093.86

07/01/14 to 02/10/15		
Number of Pledges	Total Pledge Amount	Avg Amount per Pledge
82	\$1,365,375	\$16,650.91

07/01/13 to 02/10/14		
Number of Pledges	Total Pledge Amount	Avg Amount per Pledge
53	\$1,592,665	\$30,050.28

**ACTION ITEM**

**\*7. FINANCE COMMITTEE CONSENT CALENDAR**

The Finance Committee Meeting was held at UC Hastings in the A. Frank Bray Conference Room, San Francisco, California, on Thursday, February 11, 2016, at 12:00 p.m. By unanimous vote, the Finance Committee submits the following Consent Calendar. Anyone wishing to pull any item from the Finance Consent Calendar may request the Chair to remove the item from the Finance Consent Calendar for discussion. All items on the Finance Consent Calendar shall be approved by the Board of Directors in a single vote.

## **ACTION ITEM**

1. **REPORT BY:** Don Bradley
2. **SUBJECT:** State Budget Report for 2015-16  
– As of December 31, 2015, and Mid-year Budget Changes
3. **RECOMMENDATION:**

That the Board of Directors approves the 2015-16 State Budget as revised at mid-year.

## **4. BACKGROUND**

Attached is the mid-year budget report for 2015-16 as of December 31, 2015. The mid-year revised budget was developed after reviewing departmental budget performance and evaluating revenues and expenditures based on year-to-date figures.

Projected operating revenues are decreased by \$179,802 and expenditure allocations are decreased by \$1,435,602 for a net positive operating budget change of \$1,255,800. Adjusting prior year reserves from preliminary to actual ending fund balances, excluding non-cash pension liabilities related to GASB reporting, a reduction of \$122,295 is recognized. The result of these midyear adjustments is a net positive change budgeted at \$1,133,505.

These changes reduce the overall current-year deficit from the initial -\$3,645,548 (-6.9% of operating revenue) to -\$2,389,748 (-4.6% of operating revenue). These figures include the fiscal impact of increased tuition discounting for the incoming class which resulted in an additional \$1,691,000 in tuition discounting cost over the prior year.

Major variances are described below.

### **Revenues**

- Non-resident Tuition – The beginning budget projected that eleven percent or 97 JD students would be non-resident students paying the \$6,000 tuition surcharge. Based on actual students billed to-date the mid-year budget is revised to reflect 115.2 non-resident students (13%) -- an increase of 18.2 FTE resulting in \$109,000 projected increased revenues for 2015-16.
- Registration Fee – The beginning budget projected total JD enrollment of 875 FTE students paying the \$43,486 General Enrollment Fee, including a first year class of 290 FTE paying students. At the end of the add-drop period for the fall 2015 semester the Records Office reports there were 885 FTE JD students enrolled,

including 292 first year students. The spring semester Records data at end of add-drop reports 877 FTE JD students, including 287 first years. The average of fall and spring is annual FTE enrollment of 881, including 289.5 first year students. The mid-year revised budget reflects registration fee revenues from 881 JD students – a projected increase of six FTE students resulting in \$258,464 increased fee revenues; partially offsetting this are increased fee waivers as reported below. The revenue budget has been revised at mid-year based on actual student invoices as of January, with a small allowance for attrition reduction through June 30, 2016 based on the level experienced 2014-15.

- Veteran Fee Waivers – The beginning budget projected 14 FTE students eligible for waiver of the \$43,486 enrollment fee. The mid-year revised budget is increased based on actual activity as of January reflecting 16 FTE receiving waivers resulting in \$86,972 decreased fee revenues. The provision of \$24,000 included for potential summer fee waivers was reduced to \$12,000 based on activity to date.
- LL.M. Tuition – The beginning budget projected 25.5 FTE students paying \$47,500 tuition. Based on actual to date the budget recognizes 22.2 FTE paying students for a revenue reduction of \$158,113 and 3.3 FTE students. Partially offsetting is a reduction in financial aid; the net revenue after discounts decreases from beginning budget of \$817,500 to \$708,637 or a change of (\$108,863).
- MSL Tuition – The beginning budget projected 8 FTE students paying \$41,200 tuition. Based on actual to date the budget recognizes 5.4 FTE paying students for a revenue reduction of \$108,926 and 2.6 FTE students. Partially offsetting is a reduction in financial aid; the net revenue after discounts decreases from beginning budget of \$299,600 to \$208,344 or a change of (\$91,256).
- Investment Income – Income distributed on the state fund's participating shares in the College's pooled STIP and GEP investment funds reflects lower yields than the prior year and the budget is adjusted at midyear equal to the percentage of actual earned last year (50% as of December).
- Miscellaneous Income – The budget included \$47,100 in 2015-16 revenues from the On-Campus Interview Program. However, revenues supporting this year's OCI program were recognized in 2014-15 and are instead recorded as a transfer from other funds.
- Transfer from Other Funds – As mentioned above, the midyear revised budget reflects transfer of 2015-16 OCI program revenues; this line also includes close-out of residual fund balance for total \$69,788 to the state budget. The Board of Directors approved a \$250,000 transfer from Plant Fund Reserves supporting the Time Reporting System (TRS) Project; this was initially programmed in a project account but instead is included in the state operating budget (see Software and Contract Temporary Help expenditure categories below). The budget allocation of \$275,000 for Kane Hall façade improvements funded by transfer from Plant Fund Reserves, approved by the Board at the June 2015 meeting, has been reverted. It is recommended that the project be postponed in light of the State of California's 2016-17 General Fund allocation for deferred maintenance.

## **Expenditures**

- Salaries and Wages – The 2015-16 beginning budget included funding for employee compensation adjustments for faculty, non-represented and represented employees per agreements finalized during collective bargaining last year. Proposed adjustments at midyear include:
  - New positions:
    - 1.0 FTE, conversion of temporary help wages to fund a regular staff position supporting administrative functions in the General Counsel's Office.
    - 1.0 FTE for faculty resources supporting the joint UCSF UC Hastings Masters of Science degree program in Healthy Policy and Law (HPL), per the Service Contract approved by the Board December 2015, with a 2015-16 budget allocation of \$65,000.
  - Costs associated with Acting Chancellor and Dean's compensation program and related sabbatical costs for the prior incumbent.
  - An increased allocation of \$35,000 for staff equity and reclassification adjustments totaling \$91,000, including seniority equity adjustments for eleven AFSCME union employees.
  - Increased budgetary salary savings above the beginning target of \$308,000. Recognizing position turnover to date and a general freeze on recruiting for positions currently vacant beginning January 2016, projected staff salary savings of \$811,000 are included in the midyear revised budget for a net salary and wage budget reduction of \$503,000. Significant budgetary savings are derived from these departments/positions:
    - Law Library: Director and .5 FTE Associate Librarian (vacant July2015-June2016).
    - Information Technology: Chief Information Officer (vacant July2015-June2016) and staff turnover in various positions with 1.0 FTE currently frozen from recruitment.
    - Chief Development Officer (vacant July-August2015)
    - Fiscal Services, Payroll Manager (vacant July2015-January2016), Associate Director (vacant July-September2015), and staff turnover in various positions with 1.3 FTE positions currently frozen from recruitment.
- Staff Benefits – The mid-year revised budget reflects a net reduction of \$165,000 resulting from the salary and wage budget changes described above.
- Temporary Help (Contracted) – This category budget is increasing \$164,701 at midyear. This includes \$45,000 allocation to HR of the total \$250,000 budget for the Time Reporting System, and redirection from regular staff salaries during periods of vacancies.
- Computer Software – The Board of Directors approved a \$250,000 transfer from Plant Fund Reserves supporting the Time Reporting System (TRS) which was initially programmed in a project account but has subsequently been included in the operating budget with \$205,000 allocated for software.



- Equipment and Improvements -- The budget allocation of \$275,000 for Kane Hall façade improvements funded by transfer from Plant Fund Reserves, approved by the Board at the June 2015 meeting, has been reverted and the project postponed in light of the State of California's 2016-17 General Fund allocation for deferred maintenance.
- Financial Aid Grants – The 2015-16 total budget for student financial aid reflects a reduction of \$738,254 budgetary savings as follows:
  - \$671,334 unspent from the total \$12M allocation for JD awards/tuition discounts
  - \$49,250 reduction in LL.M. tuition discounts, partially offsetting reductions in enrollment fees revenues.
  - \$17,670 reduction in MSL tuition discounts, partially offsetting reductions in enrollment fee revenues.

### **PLANT FUND RESERVE**

The Plant Fund Reserve ended 2014-15 with a net asset balance of \$8,915,114. The midyear revised budget projects addition from investment income at \$50,000. Funding of the Kane Hall façade project approved by the Board in June at \$275,000 will instead be funded by the State General Fund allocation for deferred maintenance in 2016-17. After the allocations below the projected ending balance is \$8,098,384 (market valuation at 6/30/15).

The following expenditure allocations are budgeted in 2015-16.

- \$250,000, Time Reporting System (TRS) representing initial start-up and year 1 costs (allocated above to Software and Contract Temporary Help) as included in the beginning budget approved by the Board September 2015.
- \$128,643 for continued project management (salaries and benefits) of Kaleidoscope initiatives, included in the beginning budget.
- \$74,687 to cover 2014-15 funding deficit for Kaleidoscope initiatives, included in the beginning budget.
- \$46,000 for Information Technology projects (wireless expansion and AV systems in two seminar rooms), included in the beginning budget.
- \$92,400 for the new Educational Technology Center on the fourth floor of Kane Hall, as approved by the Board in December 2015.
- \$275,000 – a new allocation at mid-year – to augment funding for the Kane Hall Repurposing Project for costs associated with book removal, high density shelving and other project costs including design services for the reactivation of the project to locate four research centers to the 6<sup>th</sup> floor.

### **5. PROPOSED RESOLUTION:**

Resolved, that the Board of Directors approves the 2015-16 mid-year revised State Budget.

HASTINGS COLLEGE OF THE LAW  
State Budget Report -- 2015-16

2/4/2016

<b>REVENUES</b>	<b>Budget 2015-16</b>	<b>Midyear Revised Budget 2015-16</b>	<b>Actual as of 31-Dec-15</b>	<b>Actual Dec-15 as a Percent of Revised Budget</b>	<b>Year-end Actual 2014-15</b>	<b>Actual as of 31-Dec-14</b>	<b>Actual Dec-14 as a Percent of 2014-15 Year-end</b>
<b>State Appropriations</b>							
General Fund	10,644,000	10,644,000	4,916,050	46%	9,628,000	4,408,050	46%
Lottery Fund	<u>170,000</u>	<u>125,000</u>	-	0%	<u>113,315</u>	-	0%
Total	\$ 10,814,000	\$ 10,769,000	\$ 4,916,050	46%	\$ 9,741,315	\$ 4,408,050	45%
<b>Tuition and Related Fees</b>							
Non-resident Tuition	582,000	691,000 *	714,999	103%	609,000	654,000	107%
Registration Fee	38,050,250	38,308,714 *	38,589,281	101%	39,964,790	40,158,386	100%
Veteran Fee Waivers	(632,804)	(707,776) *	(695,776)	98%	(526,632)	(514,632)	98%
LL.M. Tuition	1,211,250	1,053,137 *	1,245,608	118%	1,450,410	1,450,410	100%
MSL Tuition	329,600	220,674 *	253,042	115%	325,145	332,506	102%
Summer Legal Institute	469,200	419,771	231,371	55%	628,461	388,984	62%
Other Student Fees	98,300	80,204	33,717	42%	100,110	64,498	64%
Forfeited Deposits	<u>0</u>	<u>0</u>	<u>0</u>	--	<u>114,294</u>	<u>114,694</u>	<u>100%</u>
Total	\$ 40,107,796	\$ 40,065,724	\$ 40,372,242	101%	\$ 42,665,578	\$ 42,648,846	100%
<b>Scholarly Publications</b>							
Subscription Revenues	<u>85,200</u>	<u>85,200</u>	<u>68,597</u>	<u>81%</u>	<u>93,177</u>	<u>59,232</u>	<u>64%</u>
Total	\$ 85,200	\$ 85,200	\$ 68,597	81%	\$ 93,177	\$ 59,232	64%
<b>Other Income</b>							
Investment Income	287,000	187,000 *	93,542	50%	306,071	154,232	50%
Realized Gain/Loss on Sale of Investments	-	-	-	--	-	-	--
Unrealized Gain/Loss on Investments	-	-	(676,751)	--	1,408,222	400,861	28%
Overhead Allowances	1,033,828	1,035,695	1,212	0%	283,972	1,203	0%
Miscellaneous	<u>61,400</u>	<u>14,300</u> *	<u>8,144</u>	<u>57%</u>	<u>23,474</u>	<u>11,119</u>	<u>47%</u>
Total	\$ 1,382,228	\$ 1,236,995	\$ (573,853)	-46%	\$ 2,021,739	\$ 567,415	28%
<b>Transfer from Other Funds</b>	\$ 313,285	\$ 365,788 *	\$ -	0%	\$ 287,975	\$ -	0%
<b>Prior Year Reserve/Beginning Fund Balance</b>	<u>\$ 19,127,313</u>	<u>\$ 19,005,018</u>	<u>\$ 19,005,018</u>	<u>100%</u>	<u>\$ 17,806,328</u>	<u>\$ 17,806,328</u>	<u>100%</u>
<b>TOTAL REVENUES</b>	\$ 71,829,822	\$ 71,527,725	\$ 63,788,054	89%	\$ 72,616,112	\$ 65,489,871	90%

\*See attached narrative

HASTINGS COLLEGE OF THE LAW  
State Budget Report -- 2015-16

2/4/2016

<i><b>EXPENDITURES</b></i>	<b>Budget 2015-16</b>	<b>Midyear Revised Budget 2015-16</b>	<b>Actual as of 31-Dec-15</b>	<b>Actual Dec-15 as a Percent of Budget</b>	<b>Year-end Actual 2014-15</b>	<b>Actual as of 31-Dec-14</b>	<b>Actual Dec-14 as a Percent of 2014-15 Year-end</b>
Salaries & Wages	24,627,986	24,068,189 *	11,868,611	49%	24,956,003	12,408,557	50%
Student Wages-Reg. & Work-study	536,829	542,265	170,874	32%	438,902	194,187	44%
Staff Benefits	8,045,196	7,880,495 *	3,974,321	50%	41,331,166	39,005,282	94%
Consultants	448,319	510,998	183,601	36%	542,252	262,929	48%
Temporary Help (Contracted)	234,600	384,402 *	141,006	37%	456,962	114,298	25%
Employee Development & Testing	152,850	154,634	73,223	47%	107,183	42,023	39%
Recruiting & Advertising	217,463	147,058	78,012	53%	162,749	77,458	48%
Audit, Legal, and Case Costs	245,000	242,515	164,092	68%	229,529	170,557	74%
Insurance	297,661	290,544	285,998	98%	270,244	270,244	100%
Printing & Copier Service	948,342	918,354	342,273	37%	892,834	473,329	53%
Supplies	273,280	277,914	131,058	47%	269,779	133,328	49%
Travel and Training	781,581	753,056	219,143	29%	616,893	239,253	39%
Dues & Subscriptions	194,743	209,838	104,465	50%	162,166	72,983	45%
Events & Entertainment	207,540	239,145	85,367	36%	212,915	88,213	41%
Computer Software	615,301	833,324 *	370,792	44%	534,387	257,089	48%
Data Processing	124,163	121,336	34,293	28%	104,842	29,583	28%
Info Retrieval & Bibliography Svc.	156,800	168,800	162,129	96%	164,345	129,595	79%
Books & Bindings	1,101,898	1,099,668	556,730	51%	1,134,585	551,819	49%
Equipment Maintenance	124,499	99,249	35,383	36%	125,876	93,650	74%
Building Maintenance	941,066	930,271	449,197	48%	879,095	498,873	57%
Other Contract Services	636,273	604,454	330,879	55%	540,795	353,570	65%
Utilities	927,103	938,086	446,530	48%	946,646	504,978	53%
Telephone	24,298	37,997	29,767	78%	54,339	14,383	26%
Mail	85,757	84,814	28,856	34%	66,296	28,349	43%
Misc. (Including Bank Fees)	220,114	228,634	135,627	59%	368,056	185,725	50%
Equipment & Improvements	423,148	126,359 *	47,104	37%	207,957	136,684	66%
Space & Equipment Rental	617,993	620,056	269,642	43%	592,775	266,883	45%
Financial Aid Grants	13,103,054	12,364,800 *	11,863,045	96%	10,674,695	10,326,879	97%
Collection Costs	2,200	2,200	1,898	86%	34,043	5,232	15%
Transfer to Other Funds	33,000	33,000	-	=	3,816	-	=
<b><i>TOTAL EXPENDITURES</i></b>	<b>\$ 56,348,057</b>	<b>\$ 54,912,455</b>	<b>\$ 32,583,916</b>	<b>59%</b>	<b>\$ 87,082,125</b>	<b>\$ 66,935,933</b>	<b>77%</b>

\*See attached narrative

## **ACTION ITEM**

- 1. REPORT BY:** Don Bradley
- 2. SUBJECT:** State Contracts in Excess of \$50,000
- 3. RECOMMENDATIONS:**

That the Board of Directors authorizes award of the 2015-16 state contracts described in this report.

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**Item:** 7.2.1

**Title:** Software License Agreement  
**Vendor Name:** Spring CM  
**Cost:** \$55,800  
**Term of Contract:** Renewal of Service (original agreement 12/20/13)

### **Description:**

Authority is requested to renew the existing license agreement with SpringCM. The service is an integral part of the college's Kaleidoscope project which utilizes cloud-based software services to build automated workflows (integrated with Salesforce), and is also used for content and document management.

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**Item:** 7.2.2

**Title:** Library Subscription  
**Vendor Name:** Thompson Reuters (Westlaw)  
**Cost:** \$230,000 (first year)  
**Term of Contract:** Renewal of existing agreement (three year term)

### **Description:**

Contract authority is requested to continue the Library subscription with Thomson Reuters (West). The college provides the subscription to UC Hastings students for use in the Library for class projects and research. This subscription allows for printing of materials as well. Year two cost will be: \$233,892; year three cost will be: \$245,465.

#### **4. PROPOSED RESOLUTION:**

Resolved, that the Board of Directors authorizes award of the 2015-16 state contracts listed below:

7.2.1	Software License Agreement – Spring CM	\$55,800
7.2.2	Library Subscription – Thomson Reuters (Westlaw)	\$230,000

## **ACTION ITEM**

1. **REPORT BY:** Don Bradley
2. **SUBJECT:** Auxiliary Enterprises Budget Report for 2015-16  
-- As of December 31, 2015, and Mid-year Budget Changes

3. **RECOMMENDATION:**

That the Board of Directors approves the attached revised 2015-16 mid-year budgets for auxiliary enterprises: McAllister Tower, Parking Garage, Student Health Services, and Business Center.

4. **BACKGROUND:**

Attached are the mid-year budget reports as of December 31, 2015. The revised budget figures were developed after evaluating revenue and expenditures based on year-to-date figures.

### **McALLISTER TOWER**

#### **Expenditures**

- Maintenance and Special Repairs – The revised budget reflects \$64,000 approved by the Board of Directors at the December 4, 2015 meeting to fund emergency repair of the Tower's parapet; cracked terra cotta on the upper tower portion of the structure caused by water infiltration. Budget adjustments resulting from the midyear review process include additional allocations of \$10,600 for elevator repairs, \$6,400 for window restoration and \$6,300 for routine building maintenance and pest control.
- Transfer to Other Funds – A nonstate budget change was approved by the Board of Directors at the September 11, 2015 meeting authorizing cash transfers totaling \$529,663. The midyear revised budget is \$499,023 and reflects the following allocations:
  - \$361,756 to fund parking garage retail development and build-out approved by the Board through June 2016.
  - \$76,713 to fund parking garage operational expenditures through June 30, 2015 not covered by net income.
  - \$43,500 to fund parking garage retail development and broker commission expenditures through June 2016.

- \$17,054 carry-over authority to fund the Tower's Window Replacement Pilot Project.

## **PARKING GARAGE**

### **Revenues**

- Retail Leases – The YMCA terminated their lease for space in the parking garage, 387 Golden Gate, at the end of December 2014 and the 2015-16 beginning budget projected occupancy by January 2016 for \$72,000 in revenues from a new retail tenant. The new commercial lease for the space, executed with the Regents of the University of California and approved by the Hastings Board in December 2015, brings in revenues starting March 2016 for a total of \$35,398 in 2015-16. Base annual rent is \$42 per square foot or \$106,194 with 3% annual increases for the first five years and one five-year option to renew based on Fair Market Rent but no less than 3% above the previous year's rent.

### **Non-operating Revenues**

- Transfer from Other Funds – A nonstate budget change approved by the Board of Directors in September 2015 transfers cash of \$76,713 from McAllister Tower to fund parking garage operational expenditures through June 2015 not covered by net income.

## **STUDENT HEALTH SERVICES**

### **Revenues**

- Fees – The 2015-16 beginning budget was presented to the Board during the May/June 2015 cycle, before the JD student enrollment targets were reduced. The enrollment estimates used at the beginning of the year are revised at midyear to reflect revenue projections based on actual fees paid to date, a reduction of \$33,000. The annual Health Services Center Fee of \$633 and GSHIP administrative fee of \$80 are included.

## **5. PROPOSED RESOLUTION:**

Resolved, that the Board of Directors approves the attached revised auxiliary enterprise budgets for 2015-16.

**Auxiliary Enterprises - 2015-16 Midyear Revised Budget Summary**

	<b>McAllister Tower</b>	<b>Parking Garage</b>	<b>Student Health</b>	<b>Business Center</b>	<b>Total</b>
<b>Revenues</b>	4,824,808	2,307,140	622,146	330,640	8,084,734
<b>Expenditures</b>	3,122,427	946,630	685,358	337,775	5,092,190
<b>Net Operations</b>	1,702,381	1,360,510	(63,212)	(7,135)	2,992,544
<b>Nonoperating Revenues/(Expenses)</b>					
Investment Income	12,000	1,000	5,000	1,370	19,370
Funded from Bond Proceeds	-	955	-	-	955
Debt Service	-	(1,587,568)	-	-	(1,587,568)
Transfer to/from Other Funds	(499,023)	76,713	-	-	(422,310)
<i>Sub-total</i>	(487,023)	(1,508,900)	5,000	1,370	(1,989,553)
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ 1,215,358</b>	<b>\$ (148,390)</b>	<b>\$ (58,212)</b>	<b>\$ (5,765)</b>	<b>\$ 1,002,991</b>

Policy change on Administrative Overhead implemented effective 7/1/15. Total overhead assessments represent 12% of operating revenues and equal \$970,169.



HASTINGS COLLEGE OF THE LAW  
McAllister Tower Budget Report -- 2015-16

2/2/2016

	Beginning Budget 2015-16	Midyear Revised Budget 2015-16	Actual as of 31-Dec-15	Actual Dec-15 as a Percent of Revised Budget	Year-end Actual 2014-15	Actual as of 31-Dec-14	Actual Dec-14 as a Percent of 2014-15 Year-end
<b>REVENUES</b>							
Apartment & Commercial Rent	4,755,657	4,798,657	2,413,134	50%	4,481,436	2,239,023	50%
Other	23,000	26,151	16,483	63%	30,286	20,031	66%
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 4,778,657</b>	<b>\$ 4,824,808</b>	<b>\$ 2,429,617</b>	<b>50%</b>	<b>\$ 4,511,722</b>	<b>\$ 2,259,054</b>	<b>50%</b>
<b>EXPENDITURES</b>							
Salaries and Wages	84,783	84,783	40,270	47%	76,809	35,248	46%
Student Wages--Regular & Work-study	13,000	26,000	9,988	38%	15,703	7,071	45%
Staff Benefits	28,826	28,826	13,694	48%	24,251	11,984	49%
Regular Contract Services	1,080,000	1,073,890	462,521	43%	1,052,994	521,840	50%
Other Contract Services	105,000	111,000	53,559	48%	142,494	48,877	34%
Utilities	693,850	643,200	240,068	37%	639,936	281,903	44%
Maintenance & Special Repairs	145,740	233,040 *	131,687	57%	258,673	121,515	47%
Insurance	115,000	108,881	108,881	100%	103,690	103,690	100%
Supplies	100,000	140,000 *	82,096	59%	87,055	31,361	36%
Printing & Reproduction	1,875	1,875	860	46%	2,456	921	38%
Telephone	2,400	1,000	382	38%	896	311	35%
Miscellaneous	93,150	77,100	47,803	62%	80,403	41,361	51%
Equipment & Building Improvements	-	13,855	-	0%	228,838	10,934	5%
Overhead Pro Rata	573,439	578,977	-	0%	125,897	-	0%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 3,037,063</b>	<b>\$ 3,122,427</b>	<b>\$ 1,191,809</b>	<b>38%</b>	<b>\$ 2,840,095</b>	<b>\$ 1,217,016</b>	<b>43%</b>
<b>NET OPERATIONS</b>	<b>\$ 1,741,594</b>	<b>\$ 1,702,381</b>	<b>\$ 1,237,808</b>	<b>73%</b>	<b>\$ 1,671,627</b>	<b>\$ 1,042,038</b>	<b>62%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment Income	12,000	12,000	8,714	73%	15,486	5,885	38%
Unrealized Gain/Loss on Investments	-	-	(21,911)	--	43,865	11,250	26%
Transfer to Other Funds	-	(499,023) *	-	0%	(421,031)	-	0%
<b>TOTAL NONOPERATING REVENUES</b>	<b>\$ 12,000</b>	<b>\$ (487,023)</b>	<b>\$ (13,197)</b>	<b>3%</b>	<b>\$ (361,680)</b>	<b>\$ 17,135</b>	<b>-5%</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ 1,753,594</b>	<b>\$ 1,215,358</b>	<b>\$ 1,224,611</b>	<b>101%</b>	<b>\$ 1,309,947</b>	<b>\$ 1,059,173</b>	<b>81%</b>

HASTINGS COLLEGE OF THE LAW  
Hastings Parking Garage and Retail Operations Budget Report -- 2015-16

2/2/2016

	Beginning Budget 2015-16	Midyear Revised Budget 2015-16	Actual as of 31-Dec-15	Actual Dec-15 as a Percent of Revised Budget	Year-end Actual 2014-15	Actual as of 31-Dec-14	Actual Dec-14 as a Percent of 2014-15 Year-end
<b>REVENUES</b>							
Parking Operations	2,100,000	2,036,740	983,875	48%	1,960,316	977,539	50%
Retail Leases	303,000	268,400 *	116,391	43%	268,697	152,672	57%
Other (including Storage)	2,000	2,000	663	33%	800	375	47%
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 2,405,000</b>	<b>\$ 2,307,140</b>	<b>\$ 1,100,929</b>	<b>48%</b>	<b>\$ 2,229,813</b>	<b>\$ 1,130,586</b>	<b>51%</b>
<b>EXPENDITURES</b>							
Salaries and Wages	349,556	349,556	172,087	49%	347,419	168,901	49%
Staff Benefits	82,959	82,959	40,564	49%	76,360	39,481	52%
Regular Contract Services	7,000	7,000	-	0%	7,000	-	0%
Other Contract Services	13,140	13,140	249	2%	19,301	8,760	45%
Utilities	68,900	69,900	34,834	50%	61,751	26,614	43%
Maintenance & Special Repairs	43,156	41,516	12,277	30%	160,663	13,171	8%
Insurance	52,605	57,932	57,932	100%	52,605	52,605	100%
Supplies	5,000	5,000	1,359	27%	10,729	3,890	36%
Printing, Telephone and Mail	3,350	3,350	491	15%	2,985	738	25%
Advertising/Promotion	300	300	-	0%	-	-	--
Miscellaneous & Credit Card Fees	37,550	39,120	16,001	41%	34,728	13,404	39%
Overhead Pro Rata	288,600	276,857	-	0%	38,659	-	0%
<b>TOTAL OPERATING EXPENDITURES</b>	<b>\$ 952,116</b>	<b>\$ 946,630</b>	<b>\$ 335,795</b>	<b>35%</b>	<b>\$ 812,201</b>	<b>\$ 327,564</b>	<b>40%</b>
<b>NET OPERATIONS</b>	<b>\$ 1,452,884</b>	<b>\$ 1,360,510</b>	<b>\$ 765,134</b>	<b>56%</b>	<b>\$ 1,417,612</b>	<b>\$ 803,023</b>	<b>57%</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment Income	\$ 5,500	\$ 1,000	\$ 282	28%	\$ 3,939	\$ 3,165	80%
Unrealized Gain/Loss on Investments	-	-	(125)	--	260	74	29%
Funded from Bond Proceeds	955	955	-	0%	6,643	-	0%
Debt Service (Principal & Interest)	(1,587,568)	(1,587,568)	(243,296)	15%	(1,587,165)	(249,622)	16%
Transfer from Other Funds	-	76,713 *	-	0%	-	-	--
Cash Short/Over	-	-	(69)	--	(1,700)	(129)	8%
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>\$ (1,581,113)</b>	<b>\$ (1,508,900)</b>	<b>\$ (243,208)</b>	<b>16%</b>	<b>\$ (1,578,023)</b>	<b>\$ (246,512)</b>	<b>16%</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>\$ (128,229)</b>	<b>\$ (148,390)</b>	<b>\$ 521,926</b>	<b>-352%</b>	<b>\$ (160,411)</b>	<b>\$ 556,511</b>	<b>-347%</b>

HASTINGS COLLEGE OF THE LAW  
Student Health Services Budget Report -- 2015-16

2/2/2016

	Budget 2015-16	Revised Budget 2015-16	Actual as of 31-Dec-15	Actual Dec-15 as a Percent of Budget	Year-end Actual 2014-15	Actual as of 31-Dec-14	Actual Dec-14 as a Percent of 2014-15 Year-end
<b>REVENUES</b>							
Fees	\$ 655,130	\$ 621,783 *	\$ 627,895	101%	\$ 637,497	\$ 706,668	111%
Other	-	363	363	--	-	-	--
<b>TOTAL OPERATING REVENUES</b>	\$ 655,130	\$ 622,146	\$ 628,257	101%	\$ 637,497	\$ 706,668	111%
<b>EXPENDITURES</b>							
Salaries and Wages	434,926	424,412	188,300	44%	401,837	189,788	47%
Staff Benefits	77,450	73,875	33,748	46%	70,661	36,385	51%
Consultants and Contracted Services	53,360	63,874	43,280	68%	54,643	32,824	60%
Insurance	34,356	33,512	33,512	100%	34,356	34,356	100%
Supplies	6,200	8,200	3,344	41%	5,238	508	10%
Printing and Mail	2,100	1,499	585	39%	2,564	1,291	50%
Travel	3,550	3,050	63	2%	2,504	566	23%
Miscellaneous	1,770	1,715	1,190	69%	1,239	1,238	100%
Events	200	563	212	38%	494	111	22%
Overhead Pro Rata	78,616	74,658	-	0%	28,676	-	0%
<b>TOTAL OPERATING EXPENDITURES</b>	\$ 692,528	\$ 685,358	\$ 304,234	44%	\$ 602,213	\$ 297,067	49%
<b>NET OPERATIONS</b>	\$ (37,398)	\$ (63,212)	\$ 324,023	-513%	\$ 35,284	\$ 409,601	1161%
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment Income	11,000	5,000	2,175	44%	7,546	5,828	77%
Unrealized Gain/Loss on Investments	-	-	(34)	--	72	21	29%
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	\$ 11,000	\$ 5,000	\$ 2,141	43%	\$ 7,618	\$ 5,848	77%
<b>TOTAL CHANGE IN NET ASSETS</b>	\$ (26,398)	\$ (58,212)	\$ 326,164	-560%	\$ 42,902	\$ 415,449	968%

HASTINGS COLLEGE OF THE LAW  
Business Center Budget Report -- 2015-16

2/2/2016

	Budget 2015-16	Actual as of 31-Dec-15	Actual Dec-15 as a Percent of Budget	Year-end Actual 2014-15	Actual as of 31-Dec-14	Actual Dec-14 as a Percent of 2014-15 Year-end
<b>REVENUES</b>						
Copy Services	\$ 330,640	\$ 162,745	49%	\$ 324,987	\$ 182,624	56%
<b>TOTAL OPERATING REVENUES</b>	\$ 330,640	\$ 162,745	49%	\$ 324,987	\$ 182,624	56%
<b>EXPENDITURES</b>						
Contracted Services	296,848	122,663	41%	300,087	138,581	46%
Supplies	250	-	0%	-	-	--
Printing	500	-	0%	135	-	0%
Events & Promotions	250	-	0%	48	-	0%
Miscellaneous	250	-	0%	-	-	--
Overhead Pro Rata	39,677	-	0%	7,507	-	0%
<b>TOTAL OPERATING EXPENDITURES</b>	\$ 337,775	\$ 122,663	36%	\$ 307,777	\$ 138,581	45%
<b>NET OPERATIONS</b>	\$ (7,135)	\$ 40,081	-562%	\$ 17,210	\$ 44,043	256%
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment Income	1,370	257	19%	1,008	686	68%
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	\$ 1,370	\$ 257	19%	\$ 1,008	\$ 686	68%
<b>TOTAL CHANGE IN NET ASSETS</b>	\$ (5,765)	\$ 40,338	-700%	\$ 18,218	\$ 44,728	246%

## **ACTION ITEM**

- 1. REPORT BY:** Don Bradley
- 2. SUBJECT:** Auditor Selection – Auditor Selection Committee Recommendation

### **3. RECOMMENDATION:**

That the Board of Directors approves the contract award to the firm Moss Adams LLP to provide audit and related services.

### **3. BACKGROUND:**

At the March 2015 meeting of the Board of Directors, the Board approved the Finance Committee's Subcommittee on Audit's recommendation that an invitation for bid be issued and a selection process undertaken to secure audit services on a multi-year basis commencing with the preparation of the 2016 financial statements. At the Joint Meeting of the Finance Committee and Subcommittee on Audit in May 2015, the Request for Proposal (RFP) was reviewed and staff were directed to undertake a process to solicit formal proposals for audit services. The Auditor Selection Committee was also approved consisting of:

- Tina Combs, Audit Subcommittee, Board of Directors
- Donald Bradley, Finance Committee, Board of Directors
- Elise Traynum, Secretary to the Board and General Counsel
- David Seward, Chief Financial Officer
- Victor Ho, Director of Financial Aid
- Deborah L. Tran, Controller
- Natasha Skomorovsky, Associate Director of Fiscal Services
- Darryl Sweet, Director of Business Services

To assist in the formulation of a recommendation, the Auditor Selection Committee reviewed responses to the RFP and interviewed finalists for the engagement. The RFP was forwarded to seven audit firms as well as posted online. Four firms were interviewed. It was the committee's recommendation that the contract be awarded to Moss Adams LLP.

**Term of Agreement:** Audits of financial statements for fiscal years ending June 30, 2016, 2017, 2018, 2019.

**Est. Total Cost:** \$535,000

<b>Firm</b>	<b>4 Year Est. Cost</b>
Moss Adams	\$535,000
Hood & Strong	540,900
Grant Thornton	542,497
Baker Tilly Virchow Krause	274,000

**5. PROPOSED RESOLUTION:**

Resolved, that the Board of Directors approves the contract award to Moss Adam LLP for audit services.

## **ACTION ITEM**

- 1. REPORT BY:** Don Bradley
- 2. SUBJECT:** Non-State Contracts in Excess of \$50,000
- 3. RECOMMENDATIONS:**

That the Board of Directors authorizes award of the 2015-16 non-state contract described in this report.

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**Item:** 7.5.1  
**Title:** Security Services at 100 McAllister Tower  
**Vendor Name:** Universal Protection Service  
**Cost:** \$270,000  
**Term of Contract:** One Year

**Description:**

ABM Services, Inc. has been the service provider for security at McAllister Tower. But, Universal Protection Service has purchased that segment of ABM's business. Impact to UC Hastings will be seamless. The College will have the same billing rate and cycle, and the employees will not change. Authority is sought to contract with Universal Protection Service. The agreement includes a 30-day cancellation clause.

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## **4. PROPOSED RESOLUTION:**

Resolved, that the Board of Directors authorizes award of the 2015-16 nonstate contract listed below:

7.5.1	Security Services	Universal Protection Service	\$270,000
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## **ACTION ITEM**

1. **REPORT BY:** Don Bradley
2. **SUBJECT:** Nonstate Budget Change – Long Range Campus Plan
3. **RECOMMENDATION:**

That the Board of Directors approves the 2015-16 nonstate budget change described below.

### **4. BACKGROUND:**

The annual budget for the College is considered by the Board of Directors at its September meeting. Requested is authority to amend the 2015-16 budget for the following:

7.6.1 Proposed is an allocation of \$75,000 in nonstate funds, specifically unrestricted funds from the Hastings-Digardi-Hall account, to augment the budget for predevelopment costs for the Long Range Campus Plan to fund changes orders and added costs related to:

- EIR process – broadened public notifications, additional wind and shadow analysis for the student housing project elements.
- Fundraising, Communications and Outreach - fundraising collateral, website, promotional materials (\$27,500).
- Design Services – preliminary space planning for the educational use for the lower floors of the new student housing facility to replace the functionality of the LBM Lounge, Marvin and Jane Baxter Appellate Law Center and library and classrooms now located in the 50 Hyde Street Annex.

With this allocation, a fund balance of \$5,139,985 remains based on market valuations as of 6/30/15.

### **5. PROPOSED RESOLUTION:**

Resolved, that the Board of Directors approves the 2015-16 nonstate budget change as described below:

- |   |   |          |
|---|---|----------|
| . | 7.6.1 LRCP 2.0 Nonstate Project Predevelopment<br>Funding Source: Hastings-Digardi-Hall | \$75,000 |
|---|---|----------|



## **ACTION ITEM**

1. **REPORT BY:** Don Bradley
2. **SUBJECT:** Endowment Management – Spending Rate for 2016-17

3. **RECOMMENDATION:**

That the Board of Directors approves an endowment spending rate of 4.35% for 2016-17.

4. **BACKGROUND:**

At its November 2001 meeting, the Board of Directors approved adoption of a *Total Return* spending policy for the General Endowment Pool (GEP) for the College's endowed funds. The policy, as modified, established a baseline spending rate of 4 percent calculated on a 12 quarter rolling average of the market value of endowed funds. The spending rate for any given year would be reflective of market conditions and/or College needs.

At its June 2012 meeting, the Board of Directors approved a modification of the process by adding an Endowment Management Surcharge of .35% for cost recovery purposes.

Maintaining a spending rate of 4.35% is recommended because its preservation will allow for a modest growth of support for endowed scholarships and professorships.

5. **PROPOSED RESOLUTION:**

Resolved, that the Board of Directors approves an endowment payout rate of 4.35% for 2016-17.

**ACTION ITEM**

1. **REPORT BY:** Don Bradley
2. **SUBJECT:** Tower Residential Rent Increase for 2016-17

3. **RECOMMENDATION:**

That the Board of Directors approves a 6% rent increase for the building's penthouse apartments and a 7% increase for all other residential rentals effective August 1, 2016.

4. **BACKGROUND**

Attached is the McAllister Tower rent analysis for 2016-17. If approved, additional revenues of \$275,000 are projected.

5. **PROPOSED RESOLUTION:**

Resolved, that the Board of Directors approves a 6% rent increase for the building's penthouse apartments and a 7% increase for all other residential rentals effective August 1, 2016.

## MCALLISTER TOWER 2016 RENT ANALYSIS

### Recommendation

It is recommended that the rental rate in McAllister Tower penthouse units increase by 6% and all other units increase by 7% for the 2016–2017 academic year.

### Purpose of Study

From 2005 through 2009, McAllister Tower enjoyed a steady increase in rents at approximately 7.2% per year. This coincided with the San Francisco Bay Area rental market that had increased at an average rate of 7% from 2007 through 2009. Due to the economic downturn in 2010, a decision was made by UC Hastings Board of Directors to not raise rents for that academic year. In 2011, the Board approved a 3% increase in efficiency and studio units only and in 2012 and 2013 a 2% and 5% increase respectively was imposed on all units. More recently, in 2014 and 2015 rents were increased on all units by 7% and 7.5% respectively. The purpose of this study is to provide the Board with concrete data for discussion and to arrive at a fiscally sound decision in regards to any rent increase for 2016–2017.

### Overview

The current rents approved by the Board of Directors in 2015–2016 for McAllister Tower are as follows:

TYPE	PRICE RANGE	AVG. SQ. FT.	TOTAL # OF UNITS
Efficiency	\$1,085 - \$1,260	250	84
Studio	\$1,270 - \$1,585	350	103
One Bedroom	\$1,640 – 2,035	500	55
Two Bedroom	\$2,815	850	6
Penthouse	\$3,515	1,140	2
Penthouse with deck	\$3,990	1,870	2

McAllister Tower is located at 100 McAllister Street in what is commonly referred to as the Tenderloin District of San Francisco. According to the San Francisco Planning Department, the Tenderloin is not a recognized district in its zoning maps. The area is defined as the Civic Center/downtown area. For purposes of this study, the market comparison area will be defined as Jones Street to the east, Ellis Street to the north, Larkin Street to the west and Market Street to the south.

It is important to note that the market area is at the cusp of significant poverty and homelessness. An article by Rent Advisor describes the Tenderloin as “a city unto itself populated by an interesting cross section of artists and young professionals looking to live on the cheap, a dash of inner city crazies, crack heads, and hustlers thrown in with recently emigrated families all carving out their slice of the American Dream.”

In 2012, Mayor Ed Lee came to the Tenderloin area to promote the city’s investment in small businesses. The mayor’s budget offered a wide range of small business assistance. Like neighboring SoMa, Mid-Market is changing by the day. Big names are putting their stamp on the neighborhood, from Richard Meier, an Architect for the One Van Ness Building to Twitter who has submitted plans with the city to build a sky-bridge to connect their main headquarters in Mid-Market to a smaller building. However, it should be noted that most of these larger developments are further south from the primary market in discussion.

While the Mayor’s Office implemented a six-year payroll tax exemption program for clean technology and biotechnology firms in the Central Market and Tenderloin neighborhoods in hopes of turning Mid-Market into a tech hub to rejuvenate the area, critics believe these companies are adopting the Silicon Valley tech campus model by building an all-inclusive environment which give employees few reasons to venture into the neighborhood to patronize local businesses.

It should be noted that the most current renovation by a private developer in the market area is the long neglected Hibernia Bank site which remained empty for 20 years. The developer, the city and the historical preservation society were deadlocked on issues pertaining to the renovation of the building and this delayed completion in the past four years. Hibernia could be ready for a tenant in nine months. UCSF & UC Hastings recently signed a letter of intent to jointly develop new campus housing and renovate existing housing (252 units) in order to meet the growing shortage in housing for both universities. While still in preliminary planning stages, this will add approximately 700 additional units in UC Hastings current site at 198 McAllister Avenue. Completion is estimated in 2025.

#### Area Comparable

Like most areas in San Francisco, the dot-com boom of the late 1990s brought a great deal of redevelopment, including in the Tenderloin district. Many investors and owners felt it would be financially feasible to invest capital in Tenderloin properties. However, many of the upgrades that occurred in the Tenderloin area in the 90s were in the form of cost-efficient remodeling, because of the unknown future stability of the area.

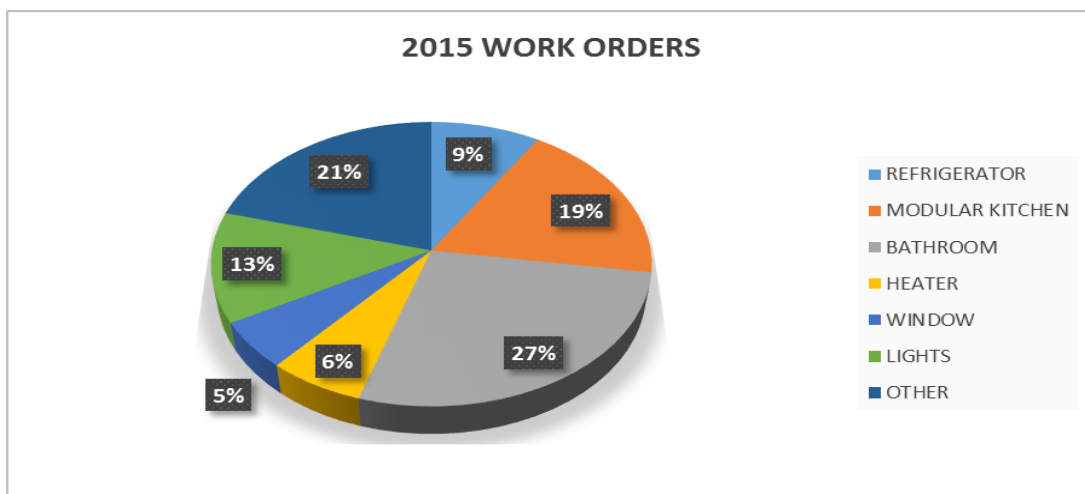
The Bon Aire Apartments, located two buildings away at 146 McAllister Street is the closest market comparable. Mosser Companies, the property-management firm of Bon Aire Apartments, boasts remodeled units with Pergo floors and upgraded kitchens and bathrooms; however, the building is still running on steam heat and there is one elevator with a maximum capacity for four persons serving six floors of occupants.

Contrary to the 90s renovations, some upgrades within our market area today includes stainless steel appliances, Berber style carpeting, marble counter tops, spacious walk-in closets, hardwood floors, floor to ceiling windows and European design inspired bathroom. This is

indicative that once known as “the worst neighborhood in San Francisco,” the Tenderloin market is beginning to flourish.

McAllister Tower is comprised of 84 efficiency units (smaller studio) and 103 studio units, which combined is 74.2% of the total housing stock. According to Rent-O-Meter, a web-based rent comparison service, the Tower studio, one bedroom and two bedroom units are reasonable for the area.

The single drawback for McAllister Tower is that our units have not kept pace with the market area in interior upgrading. In the last four years, McAllister Tower upgraded approximately 193 of the 252 (77%) units’ floors with laminated wood flooring. The carpets were 30 years old. Most of the bathrooms are in need of a facelift, as well as the modular kitchen units. Hastings recently replaced 50 (20%) of the units’ dorm size refrigerators with apartment size frost free refrigerators. Plans are underway to replace all units with the frost free refrigerators in 2016. The majority of the apartment doors need to be realigned, and many of the windows (primarily the ones on the south side) are warped, allowing wind and rain water to seep into the rooms during the rainy season. As evidenced by the below chart, 55% of work orders in 2015 in the Tower were for the bathrooms and kitchens.



Given McAllister Tower’s needed upgrades, it is still equivalent to the market comparables used in this study. The amenities McAllister Tower has to offer should offset the lack of upgrades in the interior. It should be noted that delay in upgrading the units at McAllister Tower may negatively affect future rent increases as new constructions within our marketplace include state of the art fitness center, modern architecture, garage, resident lounge, garden terrace and views. It is however, hopeful that the recent partnership with UCSF will expedite any planned renovation in the Tower.

Consideration must be given when comparing rents at McAllister Tower to those of other locations in the market area due to the amenities the Tower has to offer its residents. This includes:

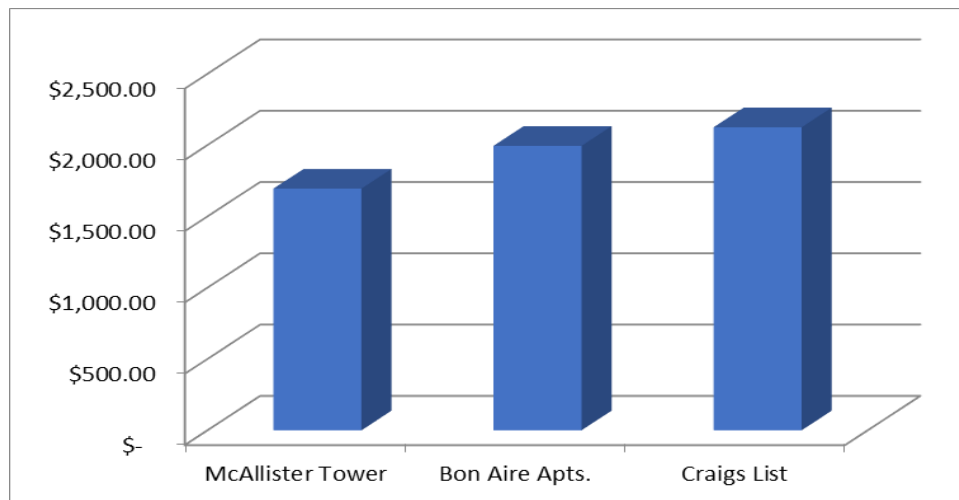
- Commercial grade fitness center
- Sky Room (study Lounge)

- Gymnasium with showers and locker room
- Clara Foltz Student Lounge with flat-screen television, pool table and ping pong table
- 24-hour security
- Bicycle storage room
- Laundry facility and partnership with Laundry Locker offering dry cleaning and wash and fold
- Spectacular view in most rooms on 9<sup>th</sup> floor and above
- Utilities (electricity, gas, water, and garbage) included

McAllister Tower's average rent for a studio unit (350 sq. ft.) is currently \$1,425 per month with a rental range from \$1,270 to \$1,585 per month. A sample of Craigslist studio units within our market area reflects a median rental rate of \$1,695 per month as of December, 2015. Craigslist is the best indicator, as it reflects daily what the market will bear.

McAllister Tower has 55 one-bedroom units which reflect 22% of the total housing stock. McAllister Tower's current rental range for one bedroom units are from \$1,640 to \$2,035 per month. Prices are based on size, location, and view. Craigslist as of December 2015 has several comparable units available for rent with an average rent of \$1,865 per month. Again, the majority of Craigslist units offer remodeled full kitchens compared to our dated modular kitchen, dining area or rooms, pet-friendly building, dishwasher, microwave oven, loft, and other amenities.

**2016 Average Rent Comparison – Studio Units**



### Conclusion

The efficiency units, studio units, and one-bedroom units comprise of approximately 96% of the total rental stock at McAllister Tower. The recommendation in support of a 6% increase in the penthouse units and a 7% increase on all other units at McAllister Tower for the 2016 – 2017 academic year for the Board of Directors' consideration is based on current market trends and statistics. The rental increase will raise the current monthly rent in the amount of \$376,080 to \$402,255 with breakdown by unit type as follows:

TYPE	PRICE RANGE	AVG. SQ. FT.	TOTAL # OF UNITS
Efficiency	\$1,160 - \$1,350	250	84
Studio	\$1,360 - \$1,695	350	103
One Bedroom	\$1,755 – 2,175	500	55
Two Bedroom	\$3,010	850	6
Penthouse	\$3,725	1,140	2
Penthouse with deck	\$3,230	1,870	2

## **8. REPORT OF THE CHIEF FINANCIAL OFFICER**

**The reports of the CFO include the following action:**

- \* 8.1 UC Office of Home Loans – Mortgage Origination Program (MOP) (Written)
- \* 8.2 State Contracts over \$50,000
  - 8.2.1 Kane Hall Repurposing Project - MKTHINK (Written)
  - 8.2.2 Environmental Services – TRC (Written)

**The following reports were discussed at the Finance Committee Meeting on February 11, 2016. These are listed below as informational items, and distributed in the agenda packet. The Chief Financial Officer may give a brief introduction of each item and respond to questions, if requested.**

- 8.3 Investment Report as of December 31, 2015 (Written)
- 8.4 State Budget Update – Governor’s Budget for 2016-2017 (Written)
- 8.5 Recommendations on Payroll and HR Policies and Procedures (Written)
- 8.6 Long Range Campus Plan – Draft Environmental Impact Report (Written)
- 8.7 Governor’s Renewable Energy Mandate – Solar Power Evaluation (Presented)
- 8.8 Report on Faculty and Staff Salaries over \$100,000 (Distributed)
- 8.9 Listing of Checks and Electronic Transfers over \$50,000 (Written)



## **ACTION ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** UC Office of Home Loans – Mortgage Origination Program
- 3. RECOMMENDATION:**

That the Board of Directors approves entering into the attached Agreement, authorizing participation by UC Hastings in housing assistance programs offered by the UC Office of Home Loans for its eligible faculty to participate in the UC Mortgage Origination Program (MOP) and Supplemental Home Loan Program.

## **4. BACKGROUND:**

UC Hastings needs to provide housing assistance programs for recruitment and retention of faculty in support of the education, research, and public service missions of the law school. To ease challenges associated with the hiring of new faculty and the retention of current faculty, UC Hastings has received approvals from UC to participate in programs operated by UC's Office of Loan Programs.

These programs are not available for Hastings senior management (unless they also held an academic title) due to a lack of conformity between UC and Hastings job classifications. As a condition of participation, UC Hastings would need to agree to participate in the program under the same terms and conditions as those that regulate the balance of the UC system.

## **5. PROPOSED RESOLUTION:**

Resolved, that the Board of Directors approves the attached Agreement allowing eligible UC Hastings faculty to participate in the UC Mortgage Origination Program.

# **MORTGAGE ORIGATION PROGRAM AND SUPPLEMENTAL HOME LOAN PROGRAM ORIGATION AND SERVICING AGREEMENT**

This agreement, dated February 25, 2016, is being entered into between the Regents of the University of California and the University of California Home Loan Program Corporation, (collectively, the Regents) and the UC Hastings College of the Law (UC Hastings) to define roles and responsibilities of each party pertaining to the origination and servicing of Mortgage Origination Program (MOP) and Supplemental Home Loan Program (SHLP) loans. The following loan types are available as of the date of this agreement:

- Standard Mortgage Origination Program (MOP)
- 5/1 Mortgage Origination Program (5/1 MOP)
- Graduated Payment Mortgage Origination Program (GP-MOP)
- Supplemental Home Loan Program (SHLP)
- Centrally-Funded Supplemental Home Loan Program (CF-SHLP)

Detailed descriptions of these available loan products are included in Attachment 1.

If additional loan products are approved by the Regents at future meetings, the new products will also be available to UC Hastings faculty.

This agreement shall be in full force and effect until such time that it is mutually cancelled in writing.

The Office of Loan Programs<sup>1</sup> (OLP), on behalf of the Regents, will originate and service all MOP and SHLP loans for eligible employees (Participants) designated by UC Hastings, in accordance with the policies and procedures outlined in the Program Lending and Administration Manual, the Mortgage Loan Servicing Manual, and the OLP Procedures Manual, Volumes 2 and 3.

## **I. LOAN ORIGATION**

UC Hastings will act as the initial contact for Participants and will certify the Participant's Program eligibility.

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<sup>1</sup> On January 22, 2014, the Regents of the University of California approved the formation of a nonprofit corporation and the transfer of the residential lending activities of the Office of Loan Programs to the nonprofit corporation.

The University of California Home Loan Program (UCHLP) Corporation assumed the residential lending activities of the Office of Loan Programs on February 1, 2014. OLP employees are assigned by the University of California to provide the Services associated with UCHLP.

OLP will act as the primary contact during the application process and will perform the following functions:

- Provide initial consultation with the Participant explaining the general MOP and/or SHLP parameters and eligibility criteria.
- Assist the Participant in the application process.
- Contact the Participant or UC Hastings, if applicable, for additional documentation or information.

**A. Eligibility Documentation**

UC Hastings is responsible for providing the following documents to OLP:

- Certificate of Eligibility
- Personnel Action Form (PAF)
- Fully-Executed Offer Letter

Upon receipt of this documentation, OLP will provide the Participant with access to the on-line loan application site and instruct the Participant to complete the required disclosures as part of the loan submission process.

UC Hastings will provide documentation to OLP regarding the designated official(s) with authority to sign the Certificate of Eligibility. In the event of a change to the designated official(s), UC Hastings will provide updated documentation.

**B. Provision and Ordering of Supporting Documentation**

OLP is responsible for ordering the following documentation:

- Verifications of Income, Assets, and Credit History
- Escrow Instructions
- Preliminary Title Report
- Appraisal

OLP will work directly with Participant's realtor to obtain all other required inspections, and will work directly with the Participant to obtain other required documentation

**C. Loan Commitment**

OLP will underwrite loans according to MOP and SHLP requirements, ensuring that the loan parameters meet the required Payment-to-Income Ratio, Overall Debt Ratio, Loan-to-Value Ratio and Loan Term thresholds. When a loan pre-approval letter or loan commitment letter is issued to the Participant, OLP will provide a copy to the designated contact at UC Hastings.

**D. Loan Funding**

The funding source for MOP loans is the University's Short-Term Investment Pool (STIP). MOP allocations are approved by the President, generally for a two-year period, and the funds are allocated to each campus or other work location. Initially, UC Hastings MOP loans will be funded from the UCOP MOP allocation. If UC Hastings receives its own allocation of funds in the future, MOP loans will be funded from the UC Hastings allocation.

UC Hastings will designate a funding source for the rate differential payments associated with any requested GP-MOP loans.

UC Hastings will designate a funding source for SHLP loans, and will provide the loan terms, including interest rate, loan term and loan type.

State funds (19900 funds) cannot be used for the GP-MOP differential or SHLP loans.

CF-SHLP Loans will be funded from the UCOP CF-SHLP allocation, and are subject to availability.

**II. SERVICING**

Subsequent to loan funding and recordation, OLP will perform the loan servicing and mortgage loan accounting functions associated with the MOP and SHLP loans.

**A. Payroll Deduction Forms**

OLP will submit payroll deduction authorization forms for new loans to the PPS system and its successor system, UCPATH, prior to the monthly cutoff date. When a loan pays off, OLP will cancel the payroll deduction prior to the monthly cutoff date, if possible. In the event that a payroll deduction is taken after a loan pays off, OLP will refund the payment to the Participant.

**B. Collection of Payments**

OLP will review monthly payroll deduction registers and will apply all payments in the computerized loan servicing system. When a MOP or SHLP Participant is not on payroll deduction, the Participant will be instructed to remit payments to a designated lockbox or via direct payment from the Participant's bank account via Automated Clearing House (ACH) transmission. OLP will coordinate with UCPATH to cancel/reinstate payroll deductions, as necessary.

**C. Hazard Insurance/Property Tax Compliance**

Impounds are not collected for MOP or SHLP loans. However, all loans are monitored to ensure that required insurance is in force, and that property taxes are paid according to schedule. OLP will monitor hazard insurance and property tax payments and will contact Participants concerning delinquent payments.

**D. Collection of Delinquent Loan Payments**

OLP will give special attention to delinquent accounts and will use due diligence to obtain current payment of such accounts. In the case of severe delinquency, OLP will notify UC Hastings of the actions that are being taken to cure the delinquency. The Faculty Housing Programs Reserve Fund is the designated fund source to cover any loan losses associated with MOP or CF-SHLP loans.

If there is a delinquency on a SHLP loan, UC Hastings will bear all out-of-pocket expenses related to collection of the delinquent payments, including the costs associated with foreclosure. OLP will work with Hastings to determine the collection actions to take in the event of default. If the University takes possession of a property, UC Hastings will bear all expenses related to eviction and property maintenance. All principal and interest losses resulting from delinquent or defaulted SHLP loans will also be borne by UC Hastings.

**E. Loan Sale Transactions**

Periodically, the Regents completes loan sale transaction of MOP and SHLP loans to outside investors, on the condition that OLP retains all loan servicing functions. Any sale of SHLP loans will be subject to UC Hastings approval.

**F. Payoffs**

When notified of an impending payoff, OLP will issue a demand statement. When the payoff is received, OLP will process the final payment and prepare and record a Deed of Reconveyance. Upon the payment in full of a SHLP loan, OLP will remit the principal and net interest payment to UC Hastings.

**G. Reporting**

OLP will complete all required reporting including annual Mortgage Interest Statements (1098's) to Participants and to the Internal Revenue Service, any applicable 1099 reporting, and ARM adjustment letters (when applicable).

**H. Compensation**

The MOP and SHLP interest rates contain an administrative fee component. This is the only compensation that is received by OLP.

For MOP loans, the administrative fee percentage is .25%. For SHLP loans, the administrative fee is .35% for loans with a term of less than or equal to ten years, and .25% for loans with a term of more than ten years.

For CF-SHLP loans, the administrative fee is .25% regardless of loan term.

**I. Service Levels**

UC Hastings and OLP will strive to provide excellent customer service to Participants. In addition, both parties will strive to provide excellent customer service to each other in implementing the terms of this agreement. In the event of any dissatisfaction by a Participant or by either of the parties to this agreement, notification should be made as outlined below. UC Hastings and OLP will make their best efforts to remedy any dissatisfaction arising from the origination or servicing of MOP or SHLP loans.

**J. Notices**

Official notification to OLP should be sent to:

**Ruth Assily**  
**Director, Office of Loan Programs**  
**1111 Franklin St., 6<sup>th</sup> Floor**  
**Oakland, CA 94607-5200**

Official notification to UC Hastings should be sent to:

**David Seward**  
**Chief Financial Officer**  
**UC Hastings College of the Law**  
**200 McAllister Street**  
**San Francisco, CA 94102-4978**

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

By: \_\_\_\_\_

Name: Nathan Brostrom

Title: Executive Vice President – Chief Financial Officer

Date: \_\_\_\_\_

**THE UNIVERSITY OF CALIFORNIA HOME LOAN PROGRAM  
CORPORATION**

By: \_\_\_\_\_

Name: Nathan Brostrom

Title: Chair of the Board

Date: \_\_\_\_\_

**UC Hastings College of the Law**

By: \_\_\_\_\_

Name: David Seward

Title: Chief Financial Officer

Date: \_\_\_\_\_

## **ACTION ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Contracts in Excess of \$50,000
- 3. RECOMMENDATIONS:**

That the Board of Directors authorizes the following modifications to previously approved 2015-16 contracts described in this report.

---

**Item:** 8.2.1

**Title:** Planning Services - Kane Hall Repurposing Project  
**Vendor Name:** MKTHINK  
**Cost:** \$37,000  
**Term of Contract:** One Year

### **Description:**

Contract authority is requested to amend the contract with architectural and space planning firm MKTHINK. This is needed to reflect costs associated with the re-purposing of the 6<sup>th</sup> floor and work associated with the construction of the Educational Technology Center on the 4<sup>th</sup> floor of 200 McAllister. Contracted work elements are as follows:

\$203,400	Programming & Planning
90,200	Hourly Services (incl. Tech Center design)
<u>264,800</u>	6th Floor Construction Drawings
\$558,400	Total

The total cost to bring the project to the public bidding phase is projected to total \$595,400 (including an allowance of \$10,000 for projected reimbursable expenses), hence a change order of \$37,000 is needed.

---

**Item:** 8.2.2

**Title:** CEQA Environmental Services – TRC  
**Vendor Name:** TRC  
**Cost:** \$95,000  
**Term of Contract:** One year



**Description:**

Contract authority is requested to amend the contract with the environmental consulting services firm retained for the development of the CEQA documentation for the LRCP. This contract change is necessitated by the following items that were added to their consultant's initial scope of work:

- Phase II Environmental Site Assessment at 333 Golden Gate Avenue
- Site reviews of 50 Hyde Street
- Wind Tunnel testing of alternative building envelopes at 198 McAllister
- Wind mitigation measures at 200 McAllister
- Shadow analysis alternatives for Civic Center Plaza
- Broader distributions of Notice of Preparation for Initial Study

The base contract totaled \$347,407; these change orders will increase its value to \$442,017.

---

**4. PROPOSED RESOLUTIONS:**

Resolved, that the Board of Directors authorizes the modifications to previously-approved 2015-16 contracts listed below:

8.2.1	Kane Hall Repurposing Project	MKTHINK	\$37,000
8.2.2	Environmental Services	TRC	\$95,000

## REPORT ITEM

1. **REPORT BY:** David Seward
2. **SUBJECT:** 2015-16 Investment Report as of December 31, 2015
3. **REPORT:**

Attached is a performance summary of the investment pools managed by the Treasurer's Office of the University of California as of December 31, 2015.

- The General Endowment Pool (GEP) experienced total returns of -2.56 percent for the first two quarters of 2015-16
- On a calendar year basis, GEP has earned total returns of 2.25 percent.
- Average Annual Returns

10 Years	6.29%
5 Years	7.65%
3 Years	8.94%
1 Year	2.25%
- The Short Term Investment Pool (STIP) has a cash balance of \$ 5.1 million and has experienced total returns of 0.62 percent as of December 31, 2015.

An overview prepared for the Regents by the Office of the Chief Investment Officer, *Growing Portfolios. Building Partnerships. 2015/2016*, along with the State Street Bank investment performance summary as of December 31, 2015, are attached.

# **Growing Portfolios. Building Partnerships.**

## **2015 / 2016**

# Opportunities

---

Develop asset and risk allocation for all products

---

Manage products differently based on their risk and return objectives

---

Add value through active management

---

Reduce costs in a low-return environment

---

Benefit from our competitive advantages

**Size. Scale. Patience. The UC.**

**Delivering  
value  
through  
values.**

# Delivering value through values.

## 1

### Invest for the long term.

Where we can, we focus on investments over 10 years and beyond. This offers many more opportunities than those available to short- and intermediate-term investors. We aim to make the most of our scale and ability to be patient.

## 2

### Invest in people.

The contributions of talented people are among the most important drivers of success for any investment organization. So we've made the recruitment and retention of exceptional staff a cornerstone of our strategy.



## 5

### Allocate wisely.

The key to investing, and the most important driver of performance, is asset allocation. To make effective investment decisions and achieve the appropriate combination of risk and return, we have to maintain a clear and balanced understanding of stakeholders' unique objectives, time horizon, risk tolerances, liquidity and other constraints. As a globally significant investor, we also aim to make the most of our scale and patience when we allocate assets.

## 6

### Costs matter.

High-quality advice comes at a cost. We get that. But we also believe fees and costs for external managers must be fully transparent and straightforward. Anything else creates potential problems — opaque fees can mask risk. Plus, cost savings can be considered a risk-free return. If we can save money through efficient, well-executed strategies, then we must. We intend to capture every dollar of this risk-free return that we can.



## 3

### Build a high-performance culture.

Every organization needs a clearly defined culture to make sure everyone is working towards the same ends and speaking the same language. Our culture is one of responsibility, accountability and high performance. We are proud of our achievements but try to be humble, as markets sometimes surge and fall without warning.

## 4

### We are all risk managers.

Our aim is simple: to earn the best risk-adjusted return that meets the objectives of our various portfolios. But achieving that aim is complex. An effective risk-management function is critical, enabling the leadership to delegate authority to the investment team. Everyone on the team is in the risk-management business.



## 7

### Diversify with care. Act with clarity.

Diversification is invaluable, but it's not a cure-all. It allows us to spread risk and reduce the impact of any individual loss. But diversifying too broadly can draw investors into assets and products they don't fully understand. We prefer a more focused portfolio of assets and risks that we know extremely well. We also need to be keenly aware of our own strengths and weaknesses in the global context in order to act decisively when we believe markets are behaving irrationally or when we have a skill or knowledge advantage. That means keeping a constant, clear-eyed check on our evolving capabilities. It's not always an easy or painless process, but it's an essential one.

## 8

### Sustainability impacts investing.

Sustainability is not a "check box," but rather, a fundamental concern that we incorporate into decision making. We focus particularly on how sustainability can improve investment performance. Sustainable businesses are often more rooted in communities and resilient to future crises, which means investing in them makes good business sense. They are bound to affect portfolios in the future, and we need to consider them in our broader lens of investment decision making.



## 9

### Collaborate widely.

We are proud to be a part of the University of California, as well as the broader community of institutional investors. Through active collaboration, we aim to leverage the unique resources of the university. We also want to foster collaborative relationships with our peers to leverage our long-term competitive advantages.

## 10

### Innovation counts.

The best investors recognize that markets are constantly fluctuating and that no good idea lasts forever. We must always be innovating and identifying new opportunities. Getting in early brings rewards. Just as importantly, some of the best opportunities transcend asset-class silos. There are advantages in thinking differently and partnering with peers that are willing to work with us on innovative projects. Collaboration is one of the most powerful drivers of innovation.

# Our Products

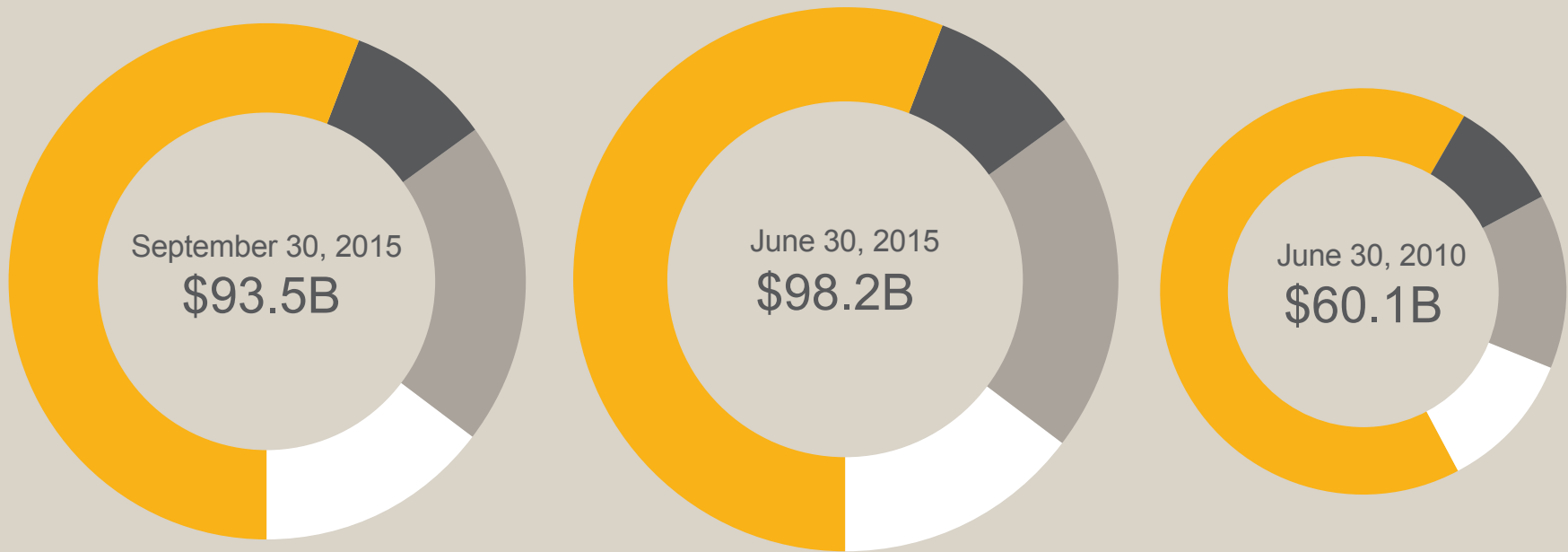
Office of the Chief Investment Officer of the Regents

	Market Value in Billions (\$)		
	September 30, 2015	June 30, 2015	June 30, 2010
Endowment	\$8.4	\$8.9	\$5.7
Pension	\$51.7	\$55.0	\$34.5
Retirement Savings	\$19.2	\$20.1	\$10.4
Working Capital Total Return	\$8.4	\$7.4	\$1.8
Short Term	\$5.8	\$6.8	\$7.7
Total	\$93.5B	\$98.2B	\$60.1B



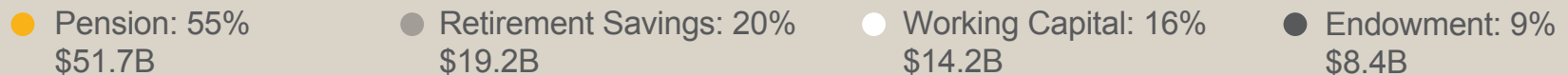
# Investing Globally \$93.5 Billion

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As of September 30, 2015

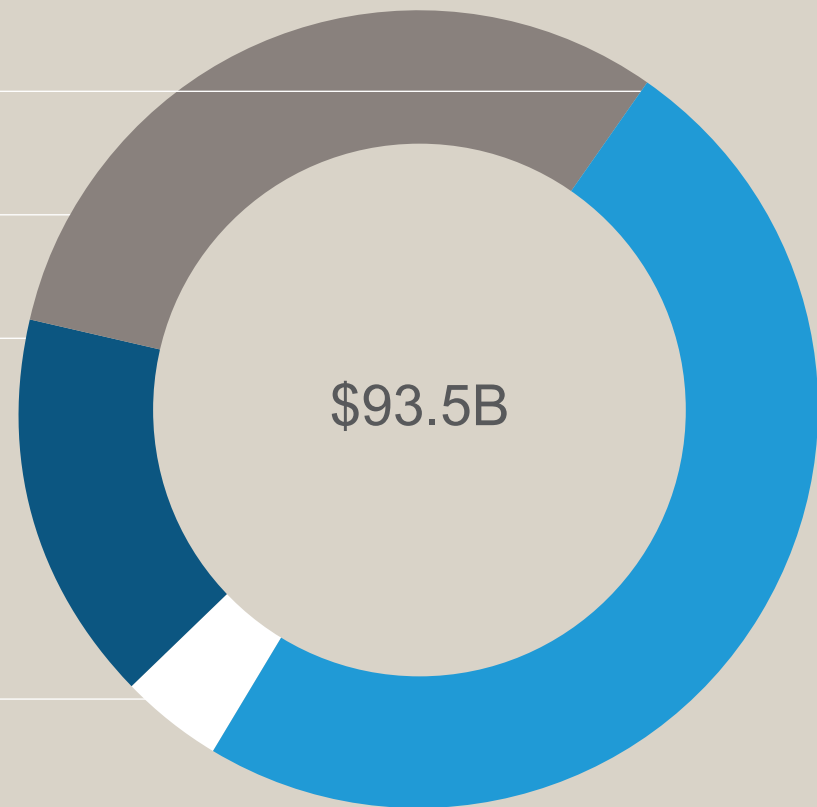
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# How We Invest \$93.5 Billion

As of September 30, 2015

● Public Equity: \$45.0B	48%
● Fixed Income: \$31.2B	33%
● Other Investments: \$15.2B	16%
Absolute Return: \$6.1B	7%
Private Equity: \$4.0B	4%
Real Estate: \$3.8B	4%
Real Assets: \$1.3B	1%
● Cash: \$2.1B	3%
<b>Total: \$93.5 Billion</b>	<b>100%</b>



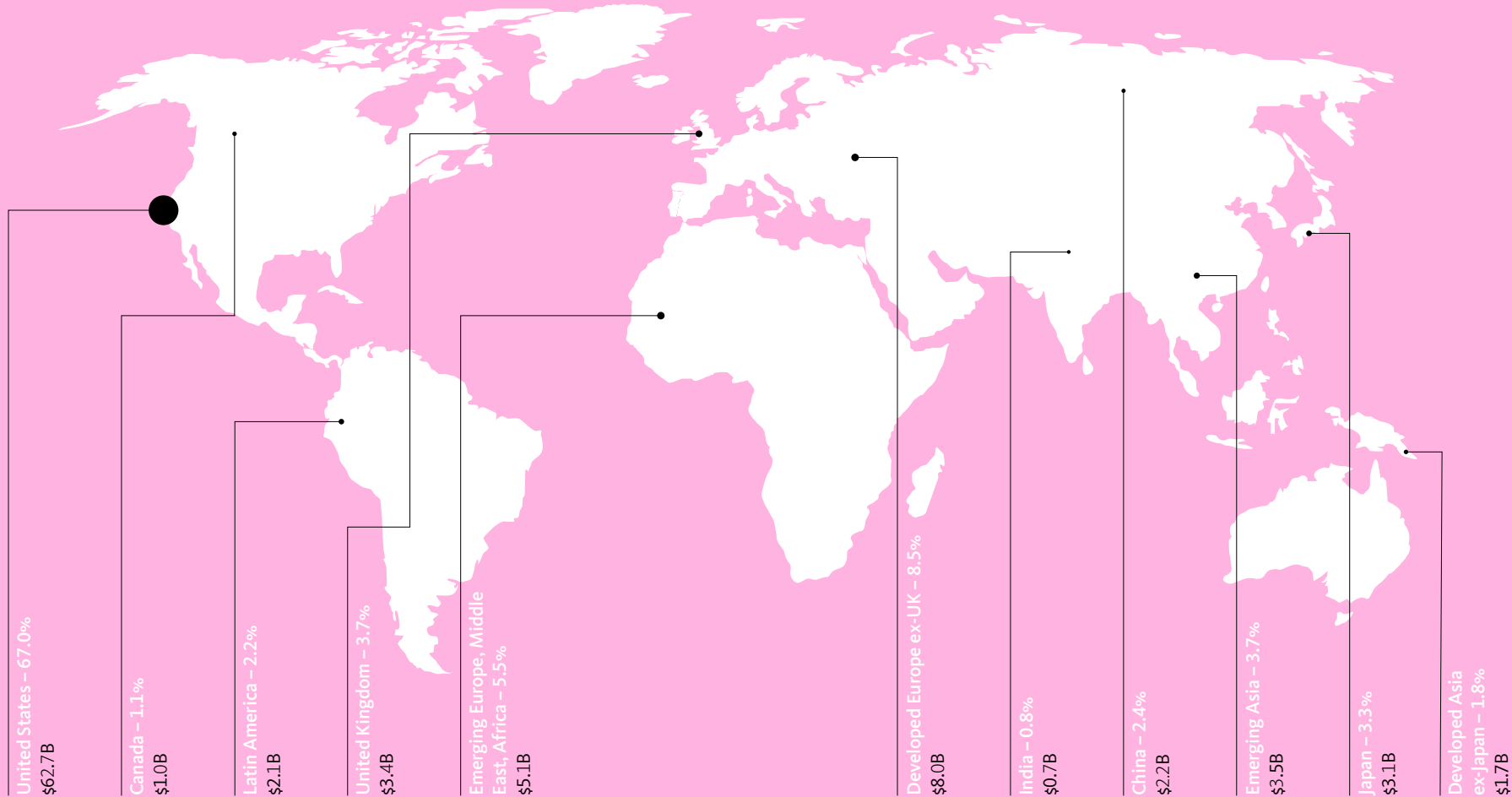
# How We Invest

## Across our Products

In Billions (\$)	Endowment		Pension		Retirement Savings		Total Return		Short Term		Total	
Public Equity	3.5		27.7		10.9		2.9				\$45.0	
Fixed Income	1.0		12.0		8.1		4.3		5.8		\$31.2	
Other Investments	3.7		10.4		0.2		0.9				\$15.2	
Absolute Return	2.0		3.2				0.9				\$6.1	
Private Equity	0.8		3.0		0.2						\$4.0	
Real Estate	0.7		3.1								\$3.8	
Real Assets	0.2		1.1								\$1.3	
Cash	0.2		1.6		0.03		0.3				\$2.1	
Total	\$8.4		\$51.7		\$19.2		\$8.4		\$5.8		\$93.5	

# Where we Invest

## Our Products



# Contents

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Market Review

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Endowment

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Pension and Retirement Savings

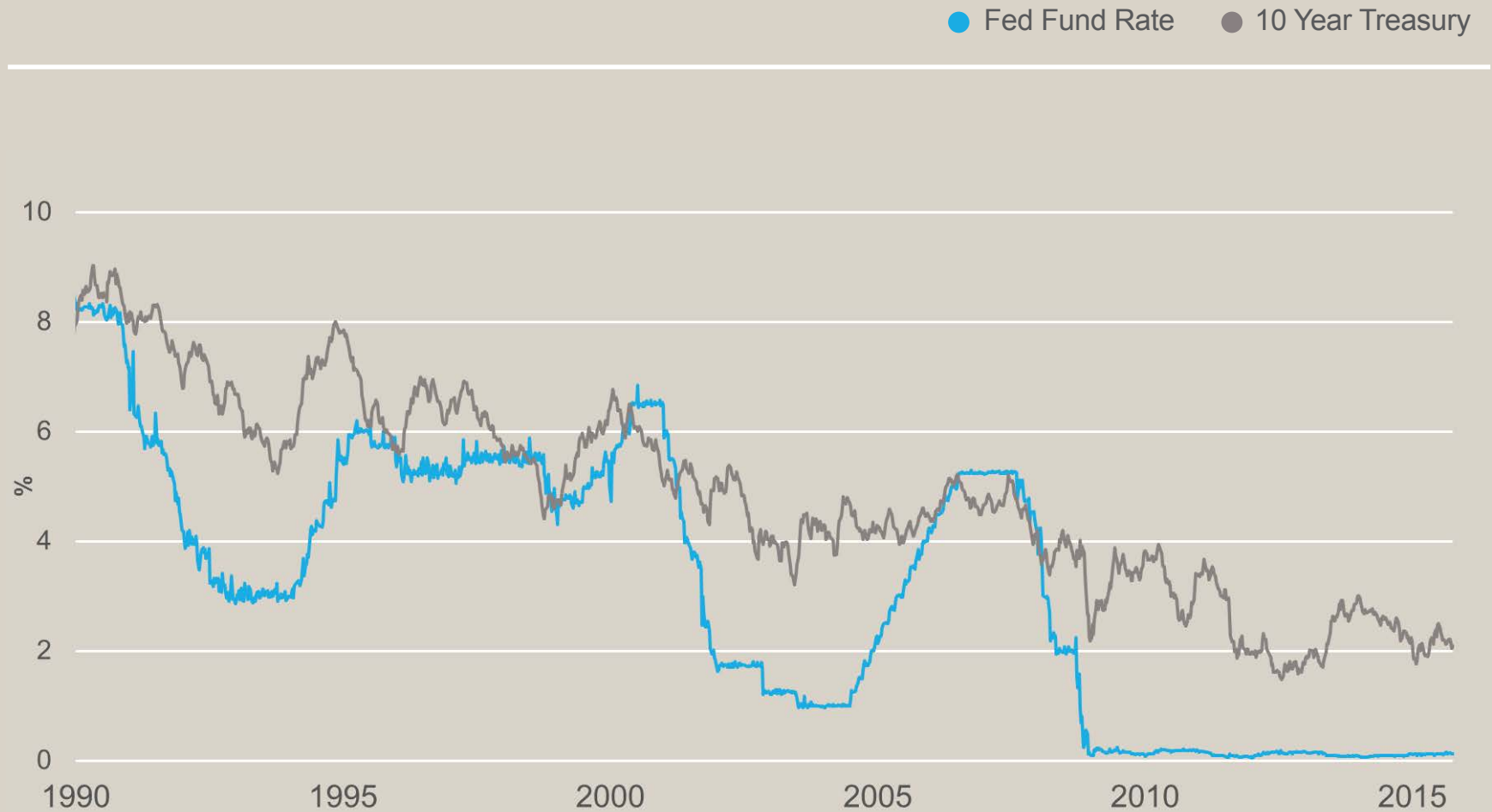
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Working Capital

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Opportunities

# Low Interest Rates Longer



# How Much Further Can Equities Go?



**Growing for more  
than 80 years.**



# Endowment

## Investment Highlights

Market Value  
in Billions (\$)

September 30, 2014

**\$8.1B**

Market Gains

**(\$0.1B)**

Value Added

**\$0.2B**



Cash Inflow

**\$0.5B**



Cash Outflow

**(\$0.3B)**

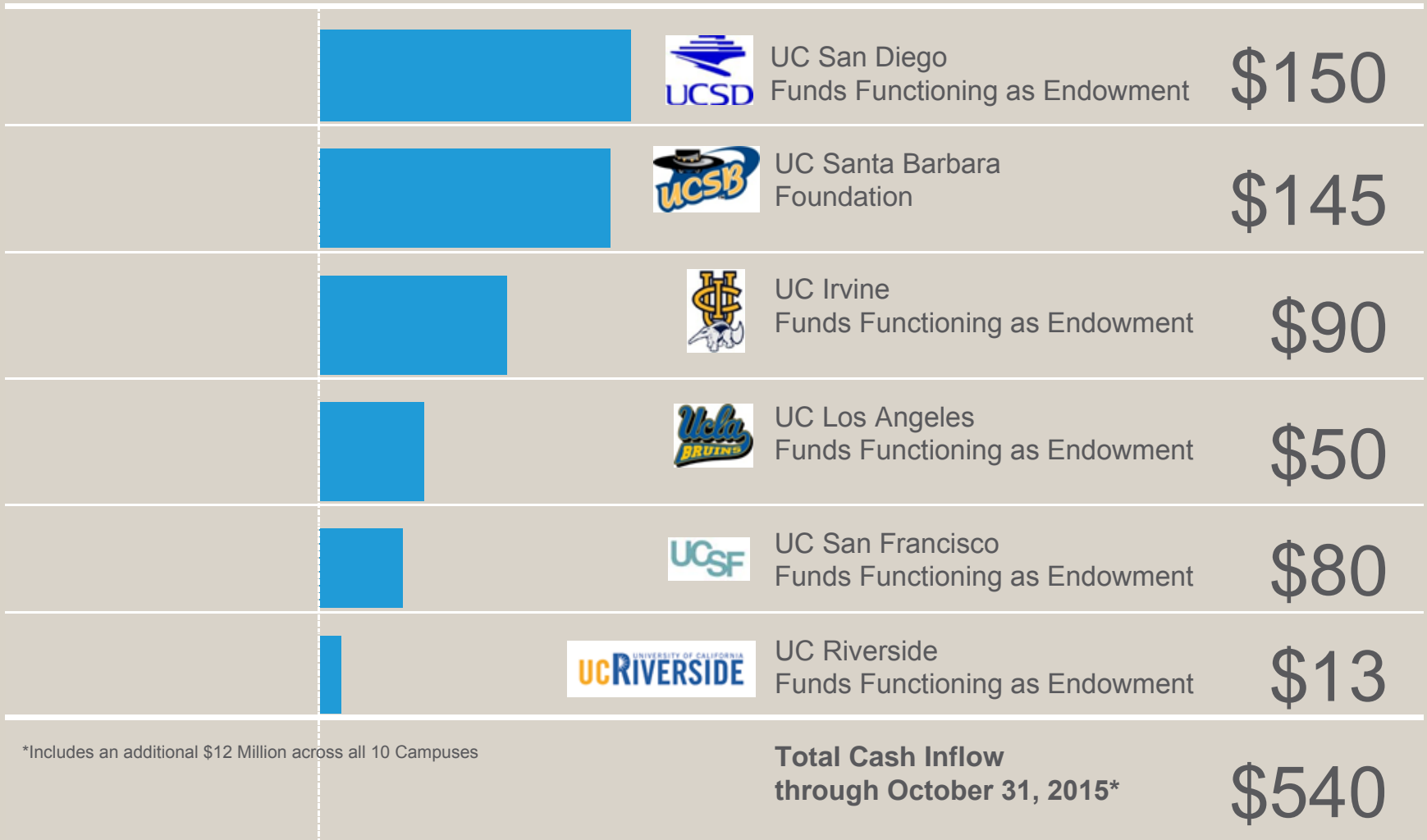
September 30, 2015

**\$8.4B**

# Endowment

Cash Inflow since June 30, 2014

In Millions (\$)



\*Includes an additional \$12 Million across all 10 Campuses

# Endowment

## Investing Since 1933

Dollar Value Added

\$0.1B

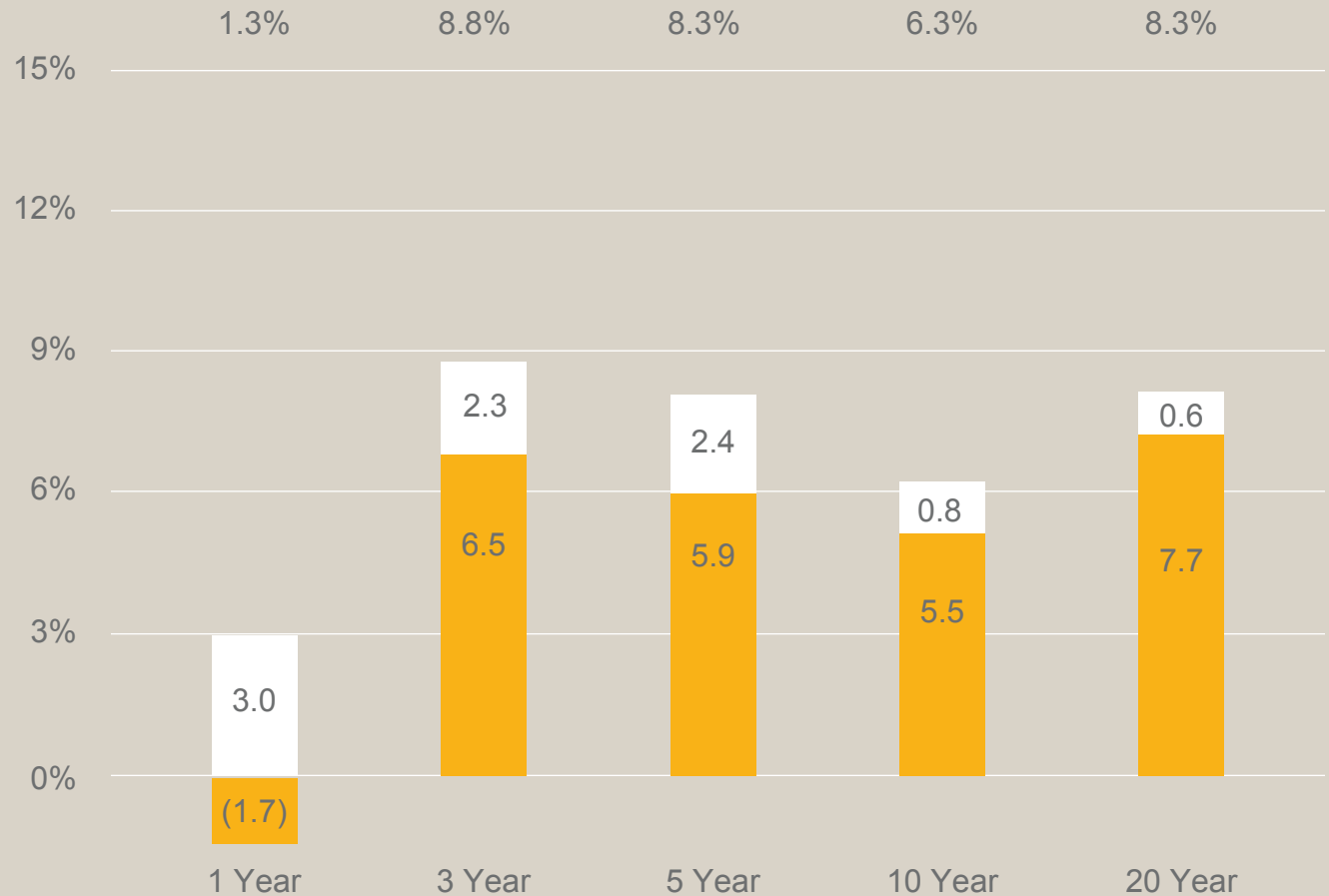
\$1.9B

\$2.8B

\$4.1B

## Net Returns

- Value Added
- Benchmark











As of September 30, 2015

# Endowment

## Asset Allocation

As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight / (Underweight)	
<b>Public Equity</b>	3.5	41.6	43.2	(1.6)	
<b>Fixed Income</b>	1.0	12.0	13.0	(1.0)	
<b>Other Investments</b>	3.7	44.0	43.8	0.2	
Absolute Return	2.0	23.8	24.5	(0.7)	
Private Equity	0.8	9.5	9.4	0.1	
Real Estate	0.7	8.3	7.0	1.3	
Real Assets	0.2	2.4	2.9	(0.5)	
<b>Cash</b>	0.2	2.4	0.0	2.4	
<b>Total</b>	<b>\$8.4 Billion</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	

# Endowment

## Asset Allocation

As of September 30, 2015

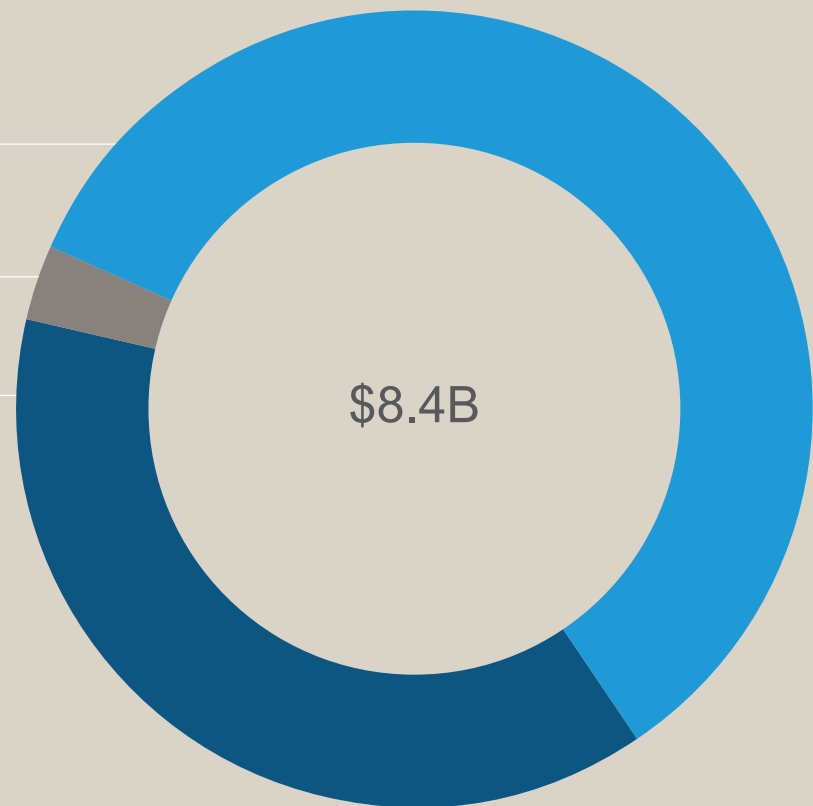
	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight/(Underweight)	
<b>Public Equity</b>	3.5	41.6	43.2	(1.6)	
U.S.	1.8	21.3	21.6	(0.3)	
Non-U.S.	1.1	12.9	14.3	(1.4)	
Emerging Markets	0.6	7.4	7.3	0.1	
<b>Fixed Income</b>	1.0	12.0	13.0	(1.0)	
Core	0.3	3.6	5.2	(1.6)	
High Yield	0.3	3.6	2.6	1.0	
Emerging Markets	0.2	2.4	2.6	(0.2)	
TIPS	0.2	2.4	2.6	(0.2)	
<b>Other Investments</b>	3.7	44.0	43.8	0.2	
Absolute Return	2.0	23.8	24.5	(0.7)	
Private Equity	0.8	9.5	9.4	0.1	
Real Estate	0.7	8.3	7.0	1.3	
Real Assets	0.2	2.4	2.9	(0.5)	
<b>Cash</b>	0.2	2.4	0.0	2.4	
<b>Total</b>	<b>\$8.4 Billion</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	

# Endowment Risk Allocation

As of September 30, 2015

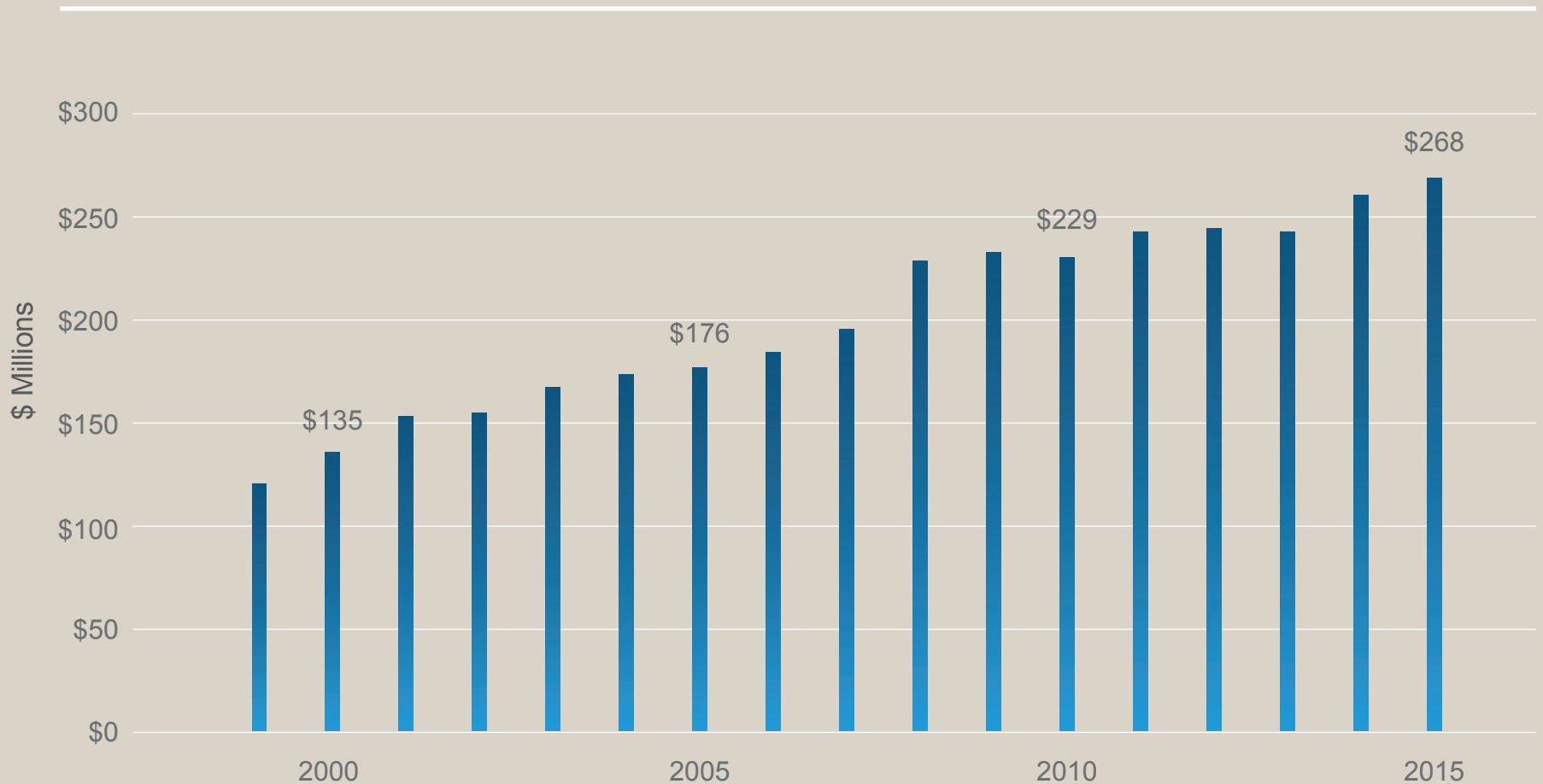
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- Public Equity: 63%
- Fixed Income: 3%
- Other Investments: 34%



# Endowment

Payout of more than \$2 Billion over the past decade to support thousands of endowments



# Our Campus Foundations

## Assets

		Annualized Performance (%) as of June 30, 2015							
Campus	Assets (\$ Millions)	10 Year	10 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	1 Year	1 Year Rank
UC Regents' GEP	\$8,928	7.4	1	11.3	1	12.4	1	7.2	1
UC Los Angeles	\$1,865	6.6	8	10.0	7	11.8	5	6.4	2
UC Berkeley	\$1,580	6.8	7	9.7	8	10.5	8	3.8	8
UC San Francisco	\$1,160	6.0	10	9.0	10	9.4	10	1.9	9
UC San Diego	\$548	7.0	6	10.8	4	11.4	6	4.4	7
UC Irvine	\$347	6.4	9	10.6	5	11.3	7	5.3	5
UC Davis	\$335	7.1	5	10.6	5	11.9	4	5.3	5
UC Santa Barbara	\$142	5.1	11	8.2	11	8.6	11	1.7	10
UC Riverside	\$129	7.3	2	9.4	9	9.8	9	0.4	11
UC Santa Cruz	\$84	7.3	2	11.0	2	12.2	2	6.1	3
UC Merced	\$9	7.3	2	11.0	2	12.2	2	6.1	3



# Our Campus Foundations

## 5 Year

		Annualized Performance (%) as of June 30, 2015							
Campus	Assets (\$ Millions)	10 Year	10 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	1 Year	1 Year Rank
UC Regents' GEP	\$8,928	7.4	1	11.3	1	12.4	1	7.2	1
UC Santa Cruz	\$84	7.3	2	11.0	2	12.2	2	6.1	3
UC Merced	\$9	7.3	2	11.0	2	12.2	2	6.1	3
UC San Diego	\$548	7.0	6	10.8	4	11.4	6	4.4	7
UC Davis	\$335	7.1	5	10.6	5	11.9	4	5.3	5
UC Irvine	\$347	6.4	9	10.6	5	11.3	7	5.3	5
UC Los Angeles	\$1,865	6.6	8	10.0	7	11.8	5	6.4	2
UC Berkeley	\$1,580	6.8	7	9.7	8	10.5	8	3.8	8
UC Riverside	\$129	7.3	2	9.4	9	9.8	9	0.4	11
UC San Francisco	\$1,160	6.0	10	9.0	10	9.4	10	1.9	9
UC Santa Barbara	\$142	5.1	11	8.2	11	8.6	11	1.7	10

# Top 20 University Endowments

## Assets

		Annualized Performance (%) as of June 30, 2015							
Institution	Assets (\$ Billions)	10 Year	10 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	1 Year	1 Year Rank
Harvard Management Company, Inc.	\$41.0	7.6	14	10.5	16	10.8	16	5.8	10
Yale University	\$26.8	10.0	5	14.0	1	14.7	1	11.5	3
Stanford University	\$26.0	8.7	8	11.6	11	11.9	11	7.0	9
Princeton University	\$22.3	10.1	3	13.6	4	14.6	2	12.7	2
MIT Investment Management Company	\$14.9	10.5	1	13.8	2	14.5	3	13.2	1
University of Notre Dame	\$10.5	9.8	6	12.7	5	13.3	4	8.7	4
Northwestern University	\$10.2	8.6	9	11.7	9	11.6	12	5.4	11
University of Michigan	\$10.0	8.4	11	11.0	14	10.8	15	3.5	19
University of Pennsylvania	\$9.7	7.9	13	11.7	10	13.0	6	7.4	7
Columbia University	\$9.2	10.1	4	12.3	7	12.1	9	7.6	6
University of California	\$8.9	7.4	15	11.3	12	12.4	8	7.2	8
Duke University	\$8.6	9.4	7	12.4	6	12.5	7	4.4	14
The University of Chicago	\$7.6	8.3	12	9.8	19	8.0	20	4.8	12
University of Virginia	\$7.5	10.1	2	13.7	3	13.3	5	7.7	5
UTIMCO	\$7.3	6.8	20	9.4	20	9.6	19	4.1	16
Washington University in St. Louis	\$6.8	7.0	19	10.4	17	10.1	17	4.4	13
Cornell University	\$6.3	7.2	17	9.9	18	10.1	18	3.4	20
Emory University	\$6.1	7.3	16	10.7	15	11.1	14	3.6	18
Rice University	\$5.6	8.6	9	12.2	8	11.9	10	4.2	15
University of Southern California	\$4.7	7.2	18	11.2	13	11.6	12	3.7	17

# Top 20 University Endowments

## 5 Year

		Annualized Performance (%) as of June 30, 2015							
Institution	Assets (\$ Billions)	10 Year	10 Year Rank	5 Year	5 Year Rank	3 Year	3 Year Rank	1 Year	1 Year Rank
Yale University	\$26.8	10.0	5	14.0	1	14.7	1	11.5	3
MIT Investment Management Company	\$14.9	10.5	1	13.8	2	14.5	3	13.2	1
University of Virginia	\$7.5	10.1	2	13.7	3	13.3	5	7.7	5
Princeton University	\$22.3	10.1	3	13.6	4	14.6	2	12.7	2
University of Notre Dame	\$10.5	9.8	6	12.7	5	13.3	4	8.7	4
Duke University	\$8.6	9.4	7	12.4	6	12.5	7	4.4	14
Columbia University	\$9.2	10.1	4	12.3	7	12.1	9	7.6	6
Rice University	\$5.6	8.6	9	12.2	8	11.9	10	4.2	15
Northwestern University	\$10.2	8.6	9	11.7	9	11.6	12	5.4	11
University of Pennsylvania	\$9.7	7.9	13	11.7	10	13.0	6	7.4	7
Stanford University	\$26.0	8.7	8	11.6	11	11.9	11	7.0	9
University of California	\$8.9	7.4	15	11.3	12	12.4	8	7.2	8
University of Southern California	\$4.7	7.2	18	11.2	13	11.6	12	3.7	17
University of Michigan	\$10.0	8.4	11	11.0	14	10.8	15	3.5	19
Emory University	\$6.1	7.3	16	10.7	15	11.1	14	3.6	18
Harvard Management Company, Inc.	\$41.0	7.6	14	10.5	16	10.8	16	5.8	10
Washington University in St. Louis	\$6.8	7.0	19	10.4	17	10.1	17	4.4	13
Cornell University	\$6.3	7.2	17	9.9	18	10.1	18	3.4	20
The University of Chicago	\$7.6	8.3	12	9.8	19	8.0	20	4.8	12
UTIMCO	\$7.3	6.8	20	9.4	20	9.6	19	4.1	16

# Securing the future.



# Pension

## Investment Highlights

Market Value  
in Billions (\$)

---

September 30, 2014

**\$52.1B**

---

Market Gains

**(\$1.3B)**

---

Value Added

**\$0.8B**

---

 Cash Inflow

**\$1.8B**

---

 Cash Outflow

**(\$1.7B)**

---

September 30, 2015

**\$51.7B**

# Pension

## Investing Since 1961

Dollar Value Added

(\$0.4B)

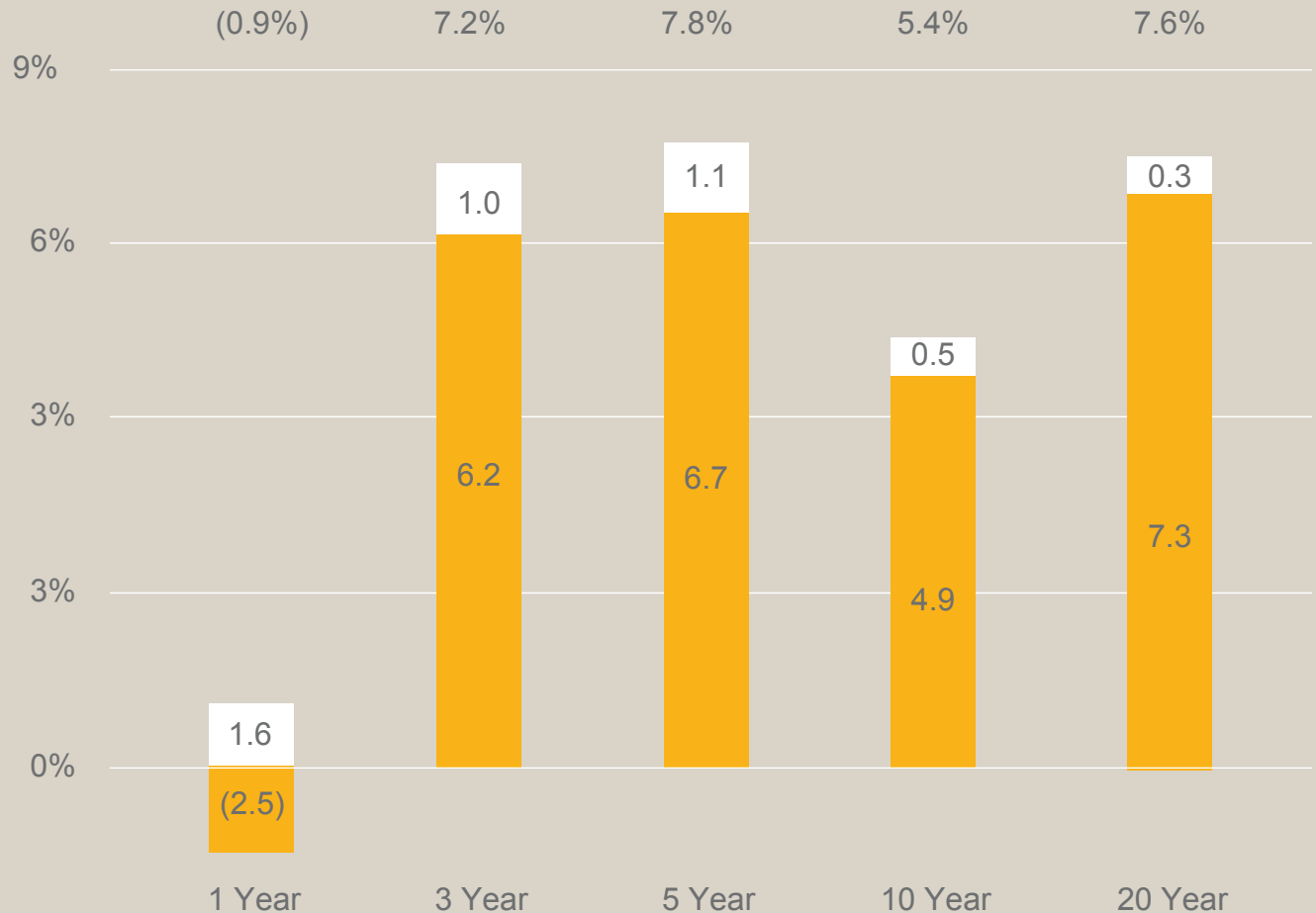
\$9.8B

\$16.3B

\$22.8B

## Net Returns

- Value Added
- Benchmark



As of September 30, 2015

# Pension

## Asset Allocation















As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight / (Underweight)	
<b>Public Equity</b>	27.7	53.6	54.9	(1.3)	
<b>Fixed Income</b>	12.0	23.2	22.3	0.9	
<b>Other Investments</b>	10.4	20.1	22.8	(2.7)	
Absolute Return	3.2	6.2	6.2	0.0	
Real Estate	3.1	6.0	5.5	0.5	
Private Equity	3.0	5.8	8.0	(2.2)	
Real Assets	1.1	2.1	3.1	(1.0)	
<b>Cash</b>	1.6	3.1	0.0	3.1	
<b>Total</b>	<b>\$51.7 Billion</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	

# Pension

## Asset Allocation

As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight/(Underweight)	
<b>Public Equity</b>	27.7	53.6	54.9	(1.3)	
U.S.	14.9	28.8	28.7	0.1	
Non-U.S.	8.5	16.4	18.3	(1.9)	
Emerging Markets	4.3	8.4	7.9	0.5	
<b>Fixed Income</b>	12.0	23.2	22.3	0.9	
Core	7.0	13.4	12.4	1.0	
High Yield	1.5	2.9	2.6	0.3	
Emerging Markets	1.2	2.4	2.6	(0.2)	
TIPS	2.3	4.5	4.7	(0.2)	
<b>Other Investments</b>	10.4	20.1	22.8	(2.7)	
Absolute Return	3.2	6.2	6.2	0.0	
Real Estate	3.1	6.0	5.5	0.5	
Private Equity	3.0	5.8	8.0	(2.2)	
Real Assets	1.1	2.1	3.1	(1.0)	
<b>Cash</b>	1.6	3.1	0.0	3.1	
<b>Total</b>	<b>\$51.7 Billion</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	



# Pension

## Cash Flow and Projections

Fiscal Year End

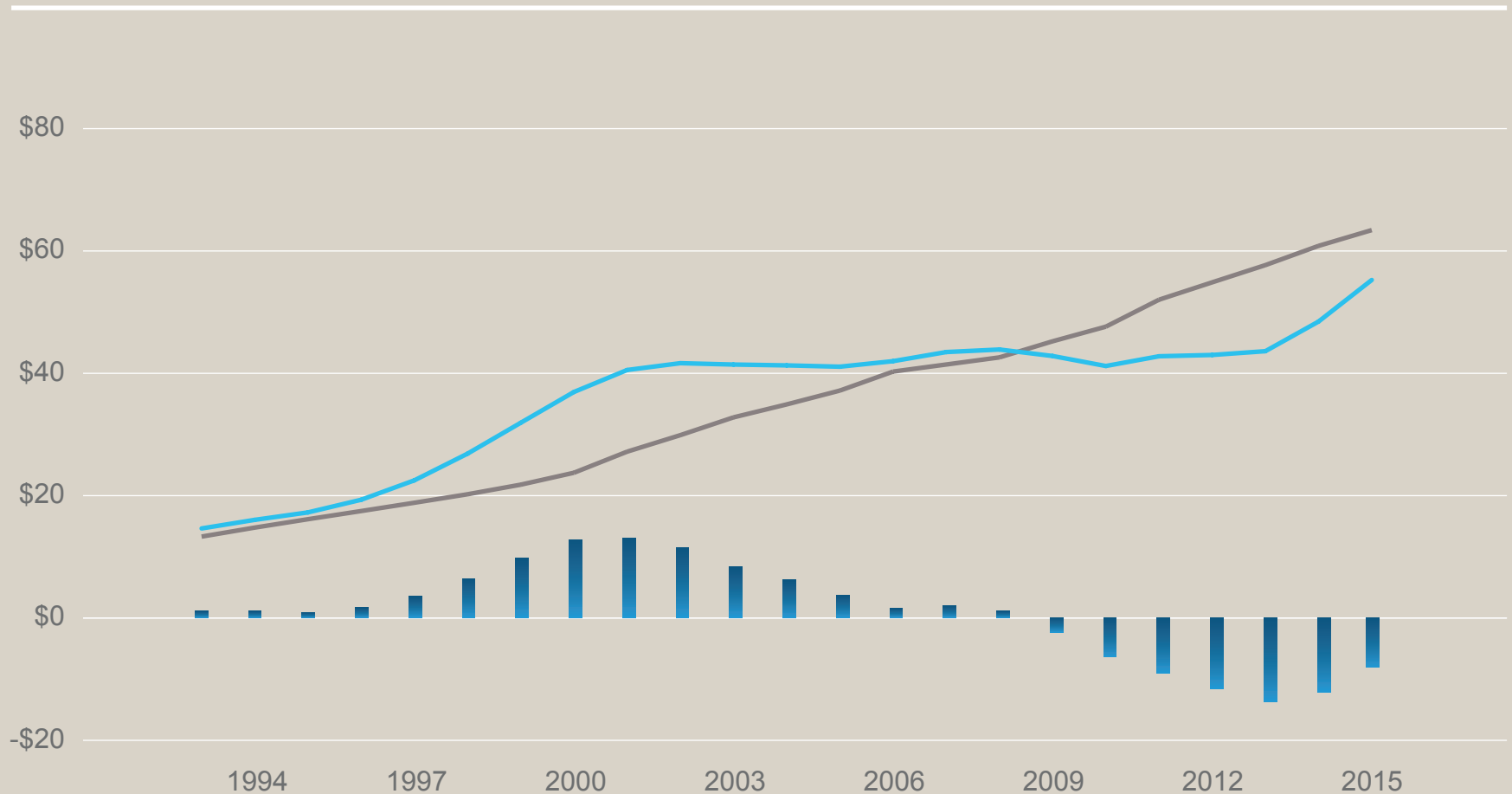
In Billions (\$)

Inflows	2011	2012	2013	2014	2015	2016E	2017E	2018E
Internal Borrowing from Short Term	\$1.1				\$0.7	\$0.6	\$0.5	\$0.4
External Borrowing from Bond issuance		\$0.9						
State Contributions						\$0.1	\$0.2	\$0.2
<b>Total Contributions</b>	<b>\$1.8</b>	<b>\$2.1</b>	<b>\$1.2</b>	<b>\$2.2</b>	<b>\$3.3</b>	<b>\$3.3</b>	<b>\$3.3</b>	<b>\$3.3</b>
Employer	\$1.7	\$1.8	\$0.8	\$1.6	\$2.5	\$2.5	\$2.5	\$2.5
Employee	\$0.1	\$0.3	\$0.4	\$0.6	\$0.8	\$0.8	\$0.8	\$0.8
<b>Total Inflows</b>	<b>\$2.9</b>	<b>\$3.0</b>	<b>\$1.2</b>	<b>\$2.2</b>	<b>\$4.1</b>	<b>\$4.0</b>	<b>\$4.0</b>	<b>\$4.0</b>
<b>Outflows</b>								
Benefit Payments	\$2.0	\$2.2	\$2.5	\$2.7	\$3.0	\$3.2	\$3.4	\$3.6
<b>Net Cash Flow</b>	<b>\$0.9</b>	<b>\$0.8</b>	<b>(\$1.3)</b>	<b>(\$0.5)</b>	<b>\$1.1</b>	<b>\$0.8</b>	<b>\$0.6</b>	<b>\$0.4</b>

# Pension

## Assets and Liabilities

● Assets ● Liabilities ● Surplus/Deficit (all values in \$ Billions)

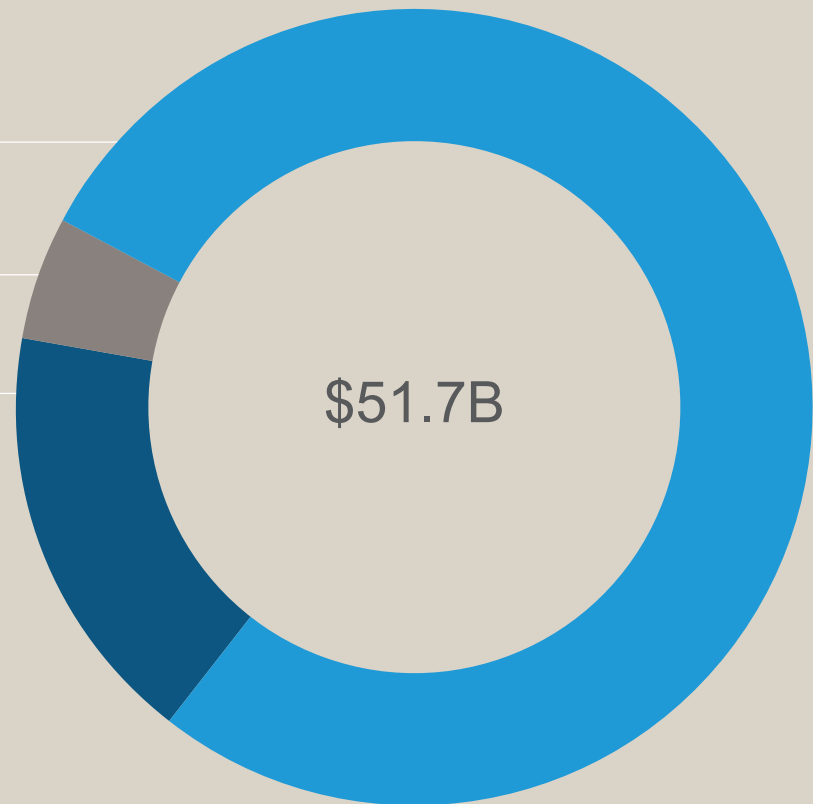


# Pension Risk Allocation

As of September 30, 2015

---

- Public Equity: 79%
- Fixed Income: 4%
- Other Investments: 17%

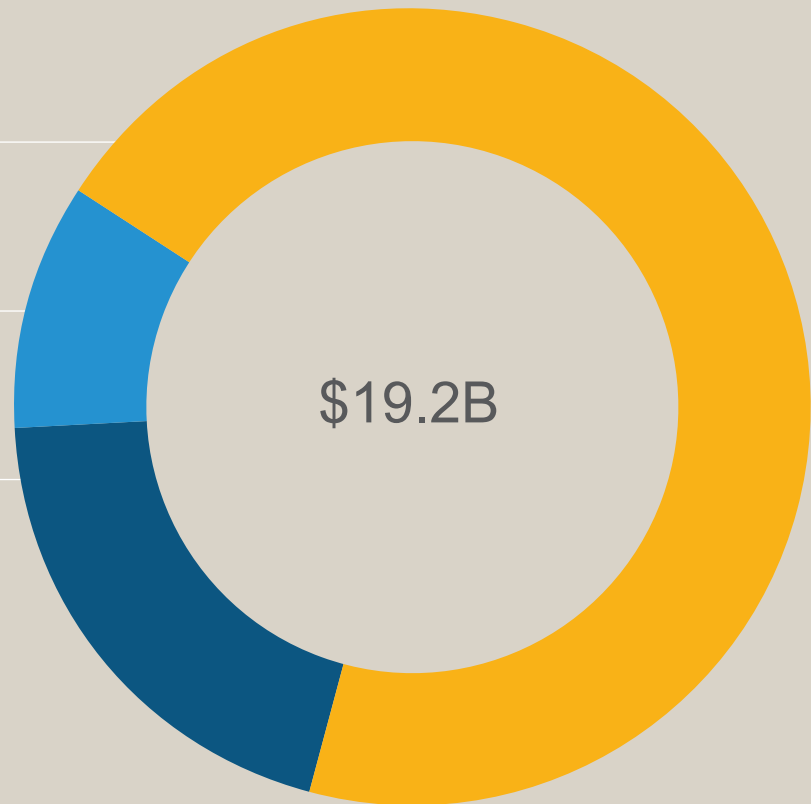


# Retirement Savings

As of September 30, 2015

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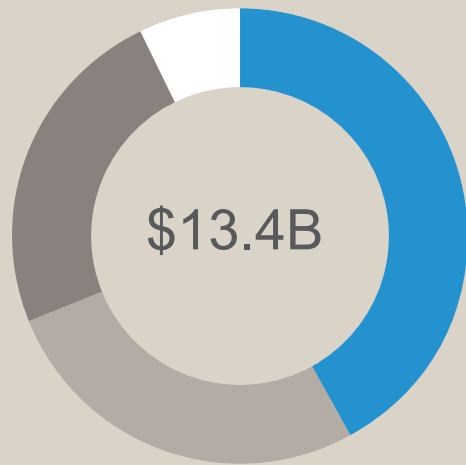
- Tax Deferred 403(b) Plan: \$13.4B  
70%
- 457(b) Deferred Compensation Plan: \$1.9B  
10%
- Defined Contribution Plan: \$3.9B  
20%



# Retirement Savings

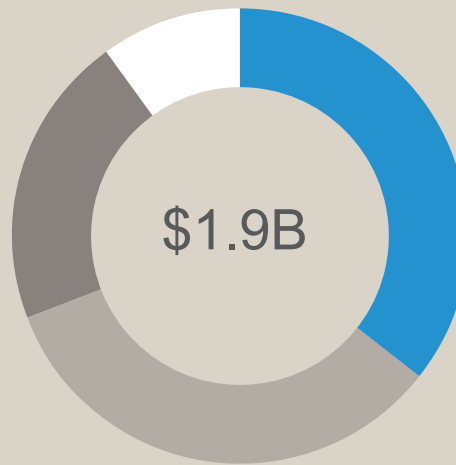
## Plan Overview

As of September 30, 2015



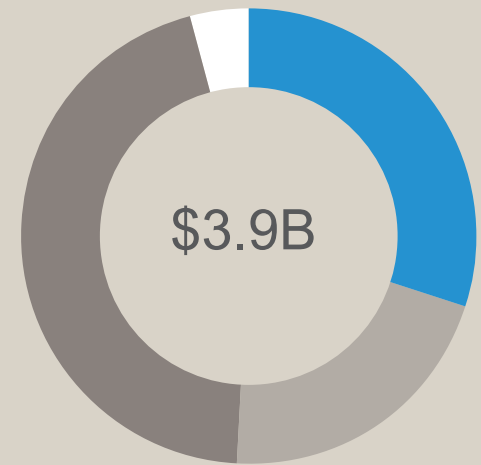
### 403(b)

● Public Equity: \$4.3B	32%
● Asset Allocation: \$4.7B	35%
● Fixed Income: \$3.4B	25%
● Brokerage Link: \$1.0B	8%



### 457(b)

● Public Equity: \$0.5B	28%
● Asset Allocation: \$0.8B	40%
● Fixed Income: \$0.4B	21%
● Brokerage Link: \$0.2B	11%

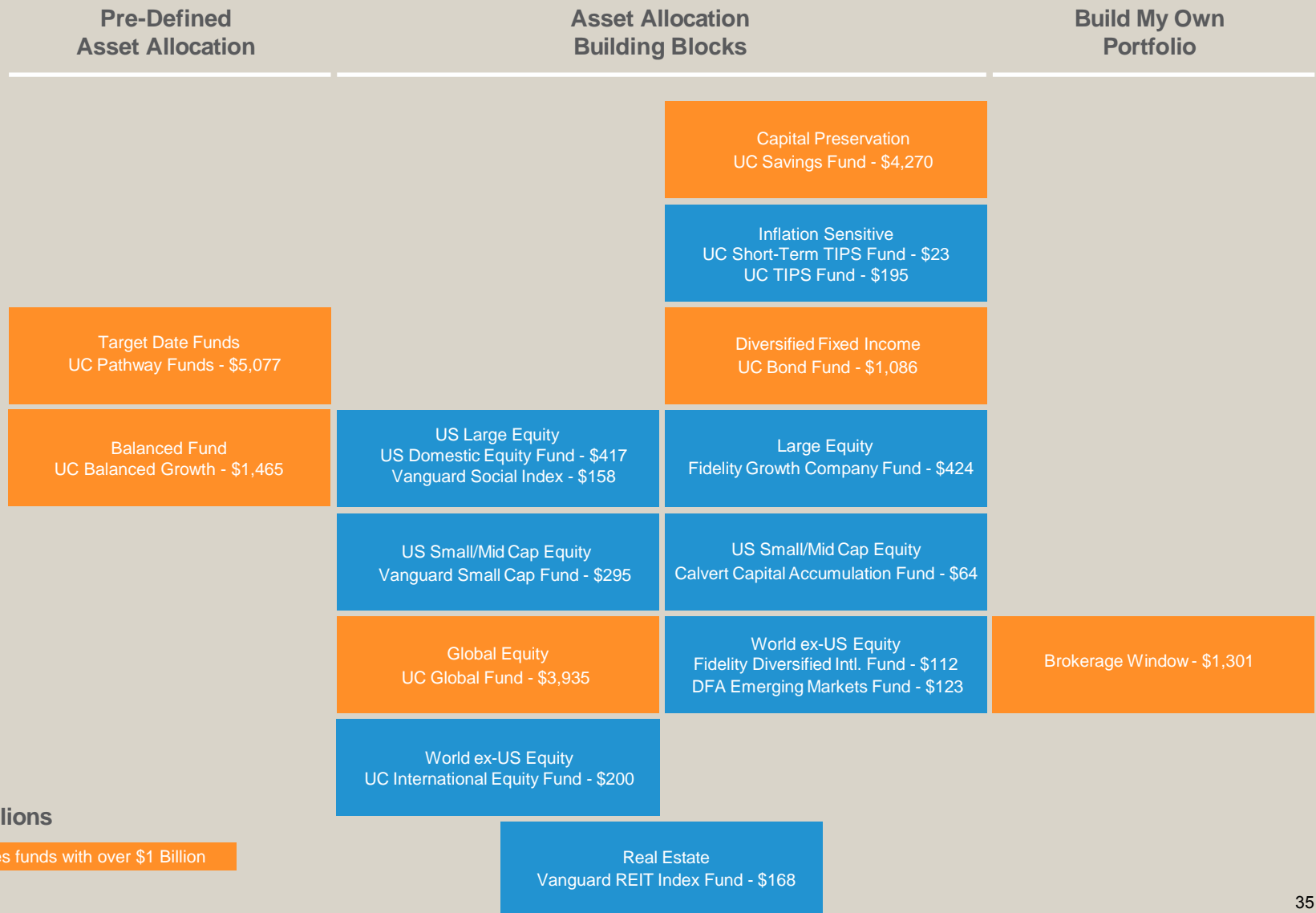


### Defined Contribution

● Public Equity: \$0.9B	23%
● Asset Allocation: \$1.1B	27%
● Fixed Income: \$1.8B	46%
● Brokerage Link: \$0.1B	4%

# Retirement Savings

## Investment Options



# Investment Options with Assets above \$1 Billion

## Performance

				Annualized Total Return %				
	Market Value (\$M)	% of Plan		One Year	Three Year	Five Year	Seven Year	Ten Year
Asset Allocation Funds								
UC Pathway Income Fund	\$586	3.3%		(1.5)	(0.5)	1.9	3.3	3.6
UC Pathway Fund 2015	\$517	2.9%		(1.4)	0.3	3.1	--	--
UC Pathway Fund 2020	\$968	5.4%		(2.0)	1.5	3.9	4.5	4.1
UC Pathway Fund 2025	\$763	4.2%		(2.8)	2.0	4.3	--	--
UC Pathway Fund 2030	\$797	4.4%		(3.4)	2.5	4.6	4.6	4.1
UC Pathway Fund 2035	\$504	2.8%		(3.9)	3.1	5.0	--	--
UC Pathway Fund 2040	\$436	2.4%		(4.4)	3.7	5.3	5.1	4.2
UC Pathway Fund 2045	\$205	1.1%		(5.1)	4.2	5.6	--	--
UC Pathway Fund 2050	\$149	0.8%		(5.5)	4.7	5.9	5.5	4.3
UC Pathway Fund 2055	\$55	0.3%		(5.4)	5.3	6.4	--	--
UC Pathway Fund 2060	\$97	0.5%		(5.4)	5.9	6.8	--	--
Balanced Fund								
UC Balanced Growth Fund	\$1,465	8.1%		(4.0)	5.6	6.9	6.8	5.4
Other Fund Options								
UC Savings Fund	\$4,270	23.7%		1.0	1.0	1.3	1.7	2.5
UC Bond Fund	\$1,086	6.0%		2.7	1.9	3.5	5.5	4.8
UC Global Equity Fund	\$3,935	21.9%		(1.8)	11.4	11.9	9.0	6.5
Total	\$15,247	87.8%		--	--	--	--	--

# Capital, working.





# Total Return

## Investment Highlights

Market Value  
in Billions (\$)

September 30, 2014

**\$7.3B**

Market Gains

**\$0.03B**

Value Added

**(\$0.01B)**



Cash Inflow

**\$1.5B**



Cash Outflow

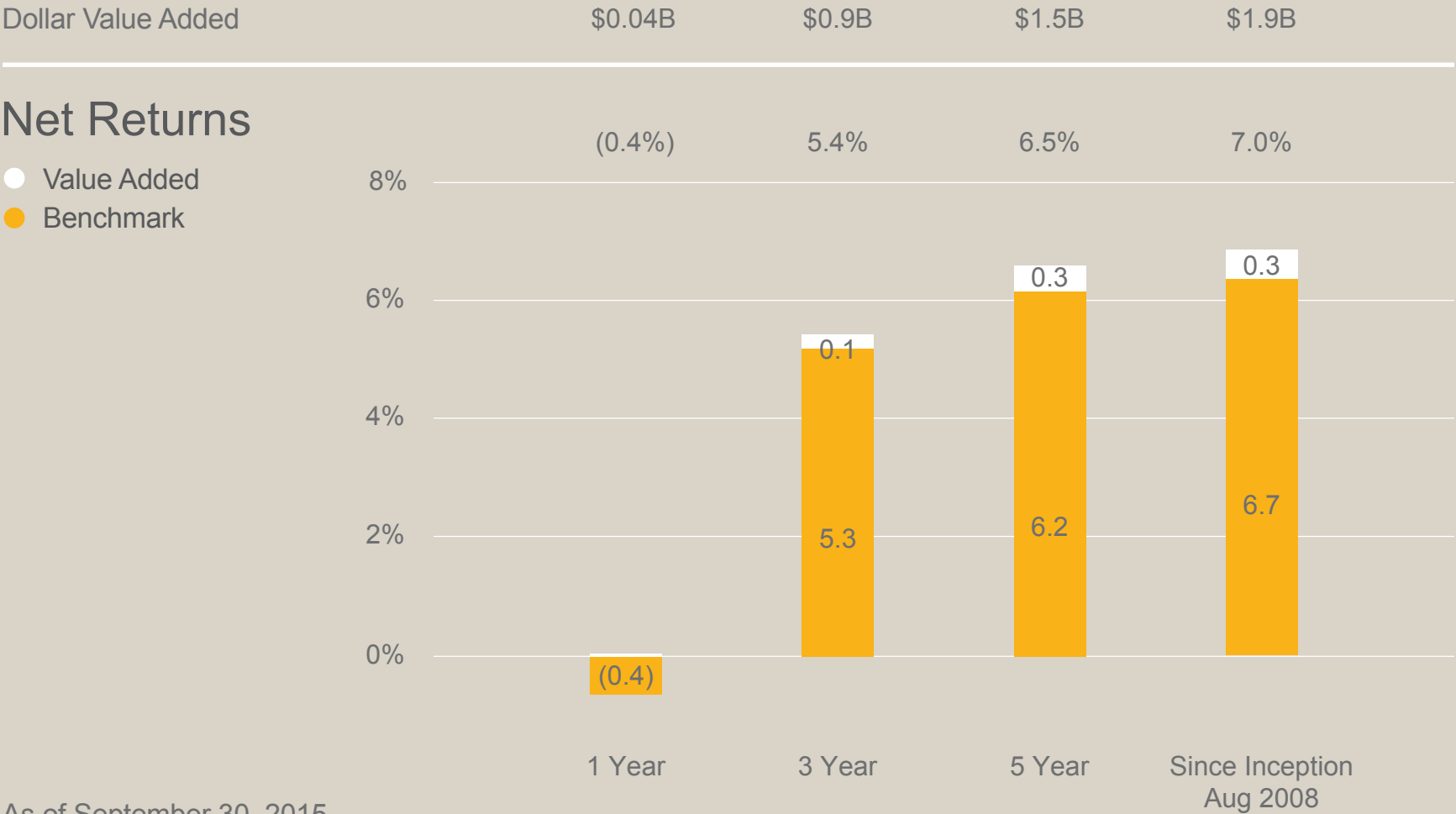
**(\$0.4B)**

September 30, 2015

**\$8.4B**

# Total Return






## Investing Since 2008



# Total Return

## Asset Allocation





As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight / (Underweight)	
<b>Public Equity</b>	2.9	34.2	35.0	(0.8)	
<b>Fixed Income</b>	4.3	51.1	50.0	1.1	
<b>Other Investments</b>	0.9	10.5	15.0	(4.5)	
Absolute Return	0.9	10.5	15.0	(4.5)	
<b>Cash</b>	0.3	4.2	0.0	4.2	
<b>Total</b>	<b>\$8.4 Billion</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	

# Total Return

## Asset Allocation

As of September 30, 2015

	Market Value in Billions (\$)	Portfolio Weight (%)	Policy Weight (%)	Overweight/(Underweight)	
<b>Public Equity</b>	2.9	34.2	35.0	(0.8)	
U.S.	1.5	18.0			
Non-U.S.	1.1	12.8			
Emerging Markets	0.3	3.4			
<b>Fixed Income</b>	4.3	51.1	50.0	1.1	
Core	3.4	40.3			
High Yield	0.4	4.5			
Emerging Markets	0.3	4.2			
Private Income	0.2	2.1			
<b>Other Investments</b>	0.9	10.5	15.0	(4.5)	
Absolute Return	0.9	10.5			
<b>Cash</b>	0.3	4.2	0.0	4.2	
<b>Total</b>	<b>\$8.4 Billion</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	

# Total Return

## Risk Allocation

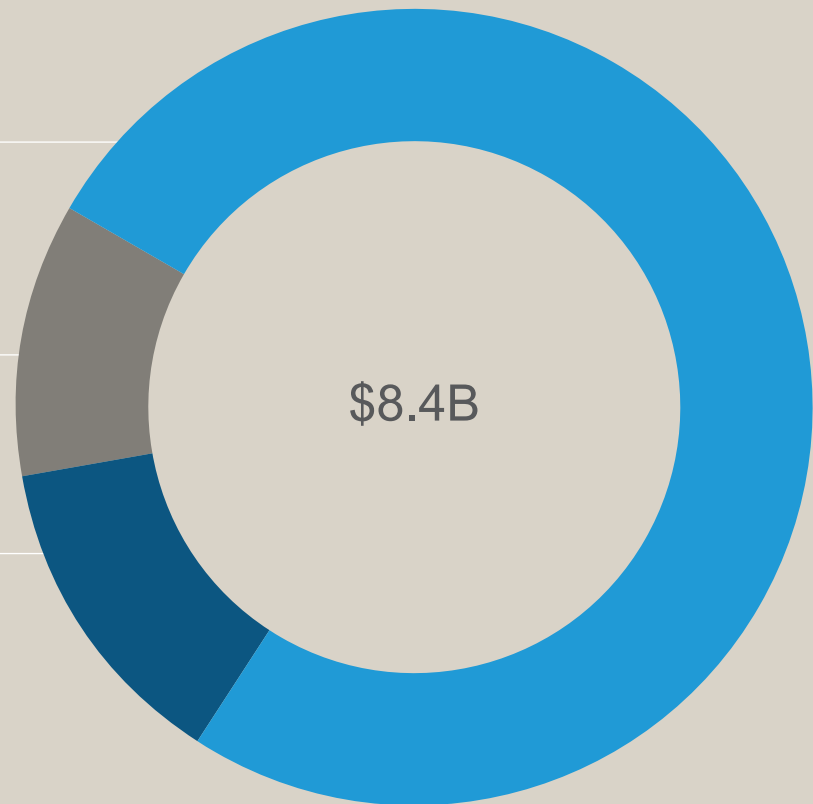
As of September 30, 2015

---

● Public Equity: 73%

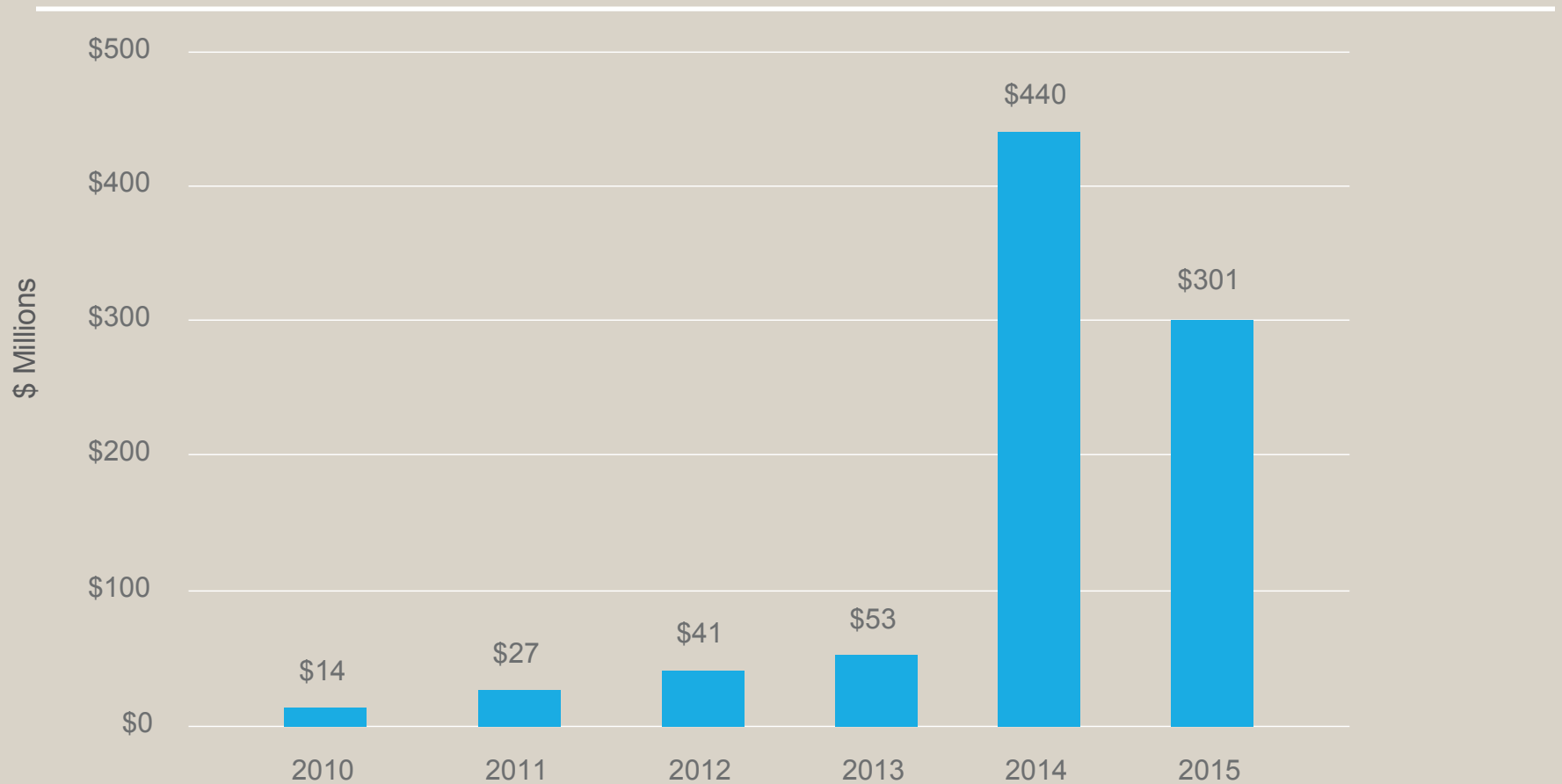
● Fixed Income: 20%

● Other Investments: 7%



# Total Return

## Annual Payout



# Short Term

## Investment Highlights

Market Value

September 30, 2014

**\$6.8B**

Market Gains

**\$2.3M**

Value Added

**\$82.1M**



Cash Inflow

**\$0.8B**



Cash Outflow

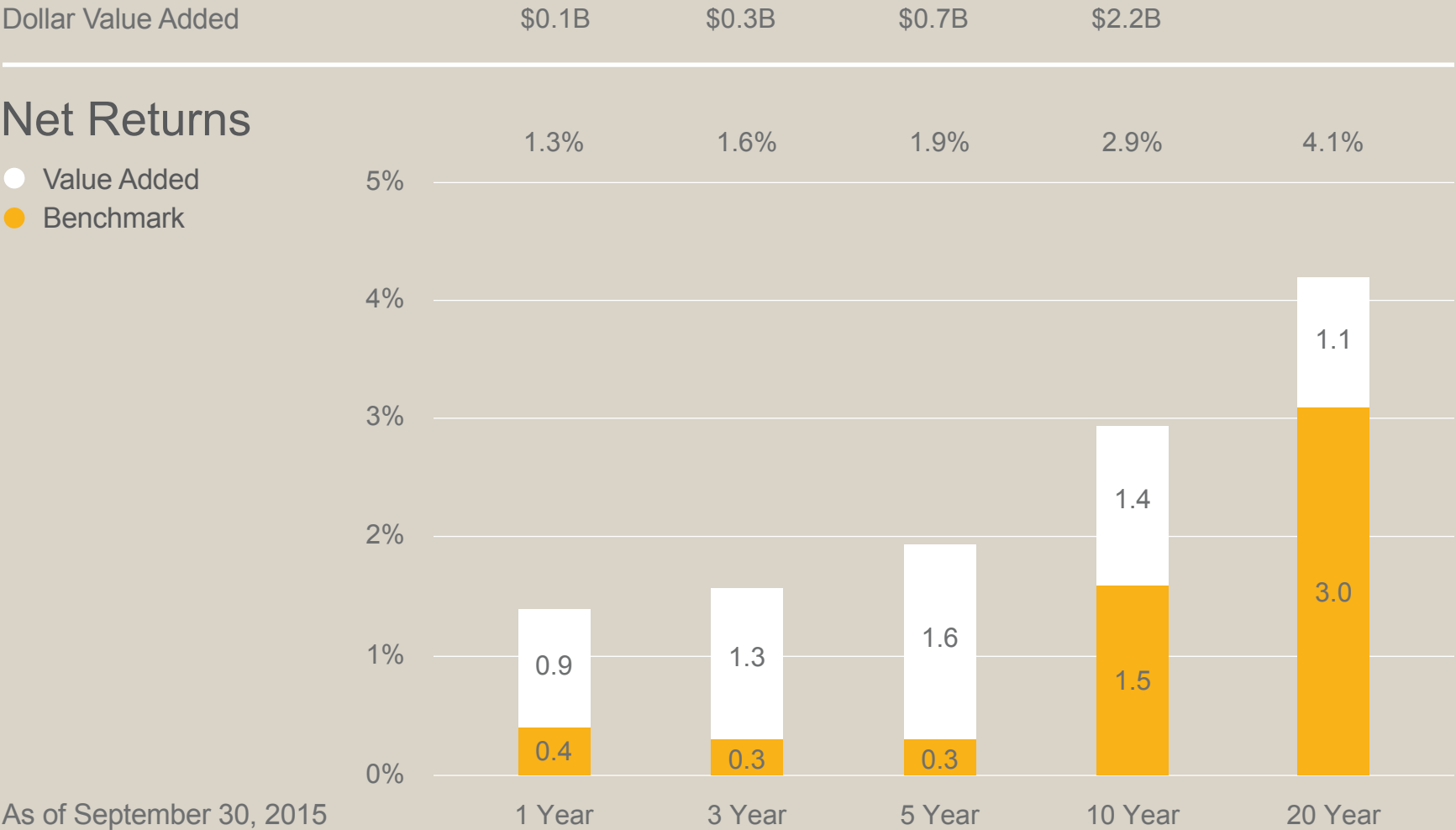
**(\$1.9B)**

September 30, 2015

**\$5.8B**

# Short Term

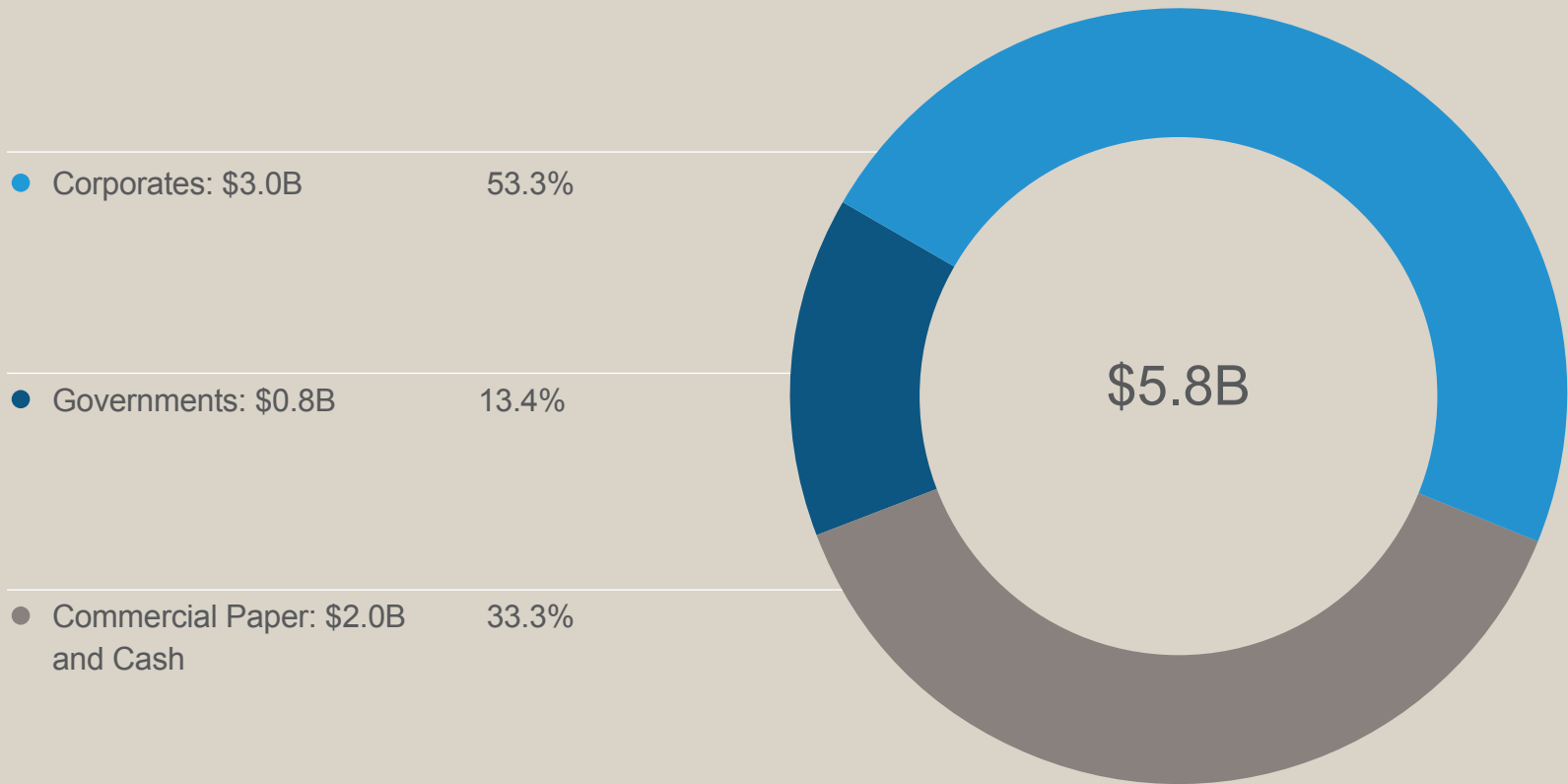
## Investing Since 1976





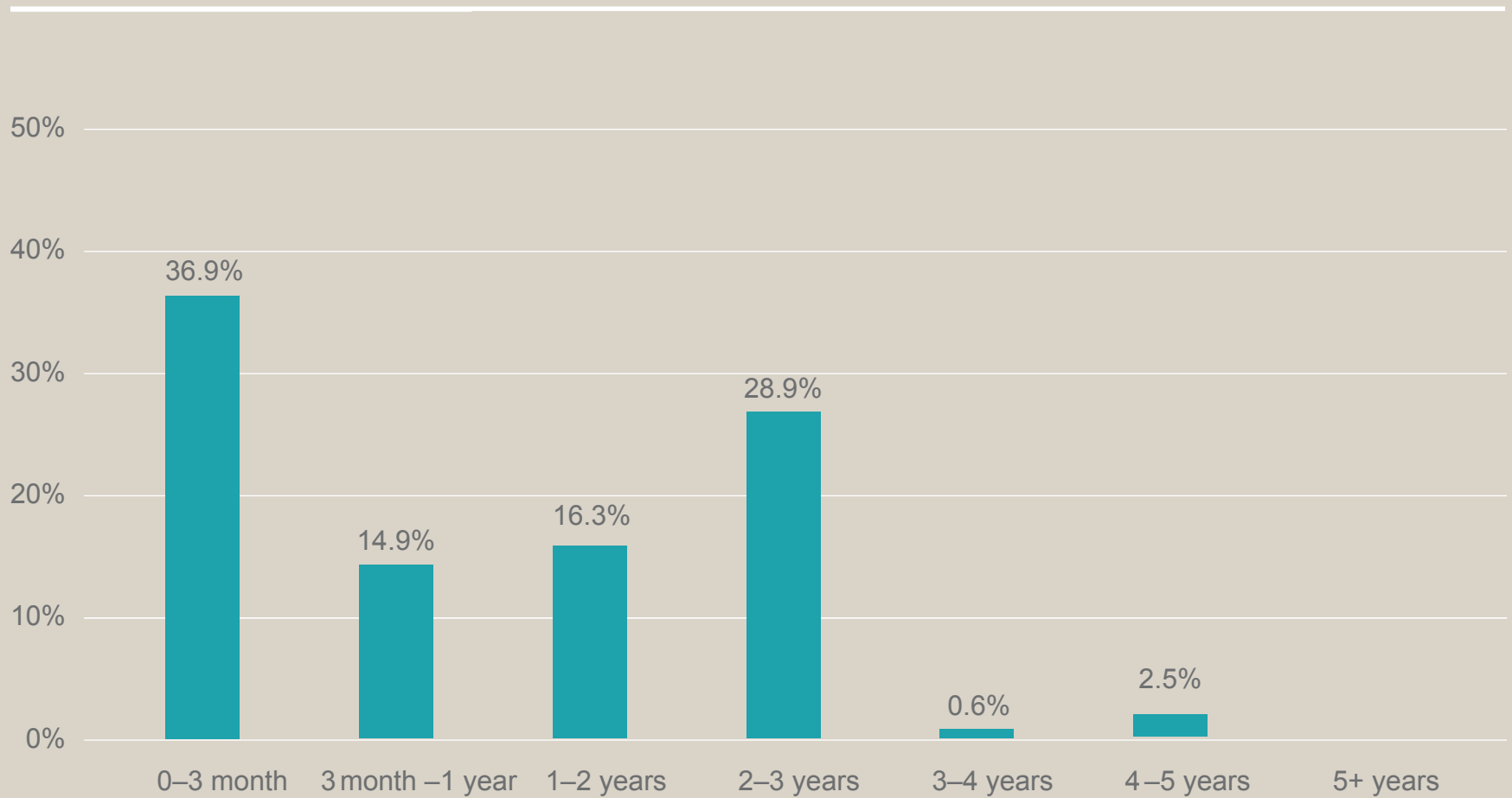
# Short Term Asset Allocation

---



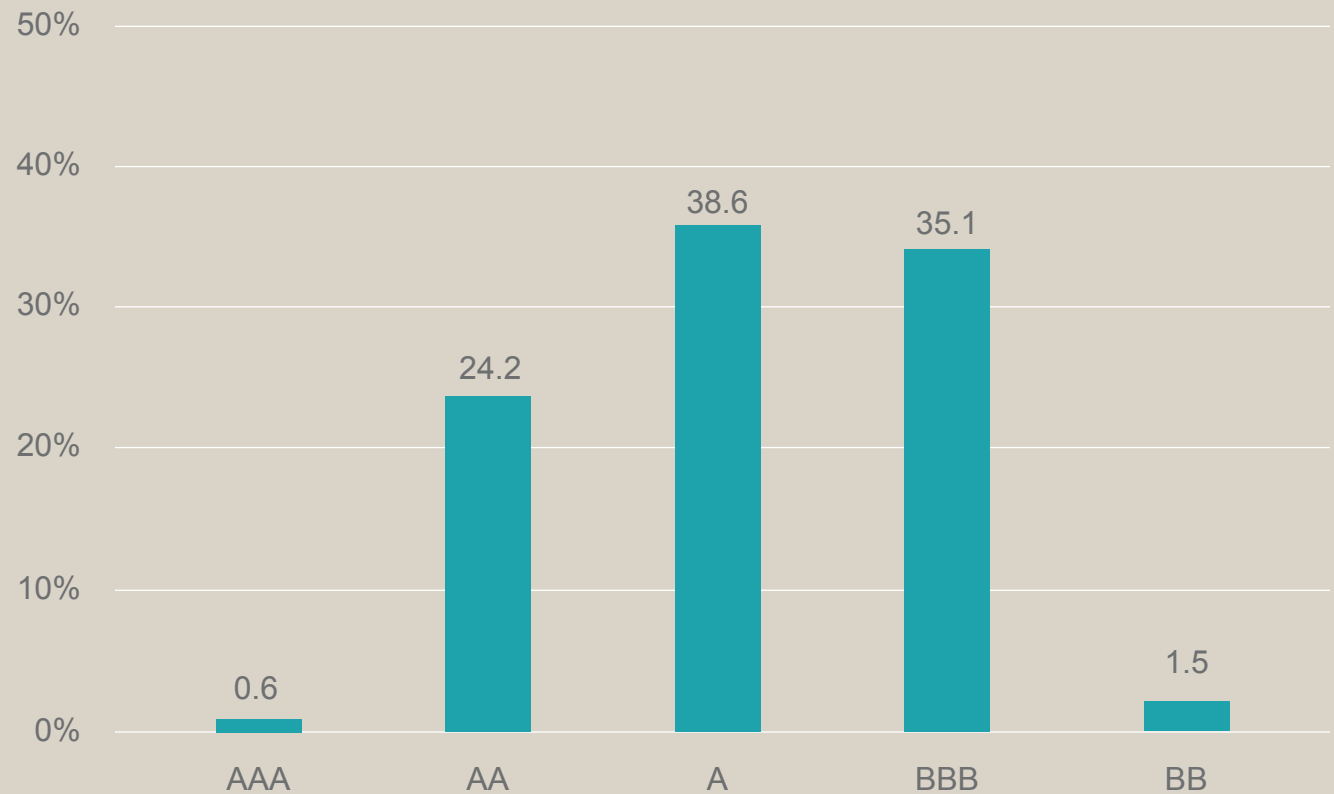
# Short Term

## Maturity Profile



# Short Term Ratings Distribution

● % of STIP



# Opportunities

---

Develop asset and risk allocation for our products

---

Manage products differently based on their risk and return objectives

---

Add value through active management

---

Reduce costs in a low-return environment

---

Benefit from our competitive advantages

**Size. Scale. Patience. The UC.**

# Chief Investment Officer of the Regents

RATES OF RETURN - Unit Value

Periods Ending December 31, 2015

GEP STIP UNIT VALUE RETURN SUMMARY REPORT



STATE STREET

	EMV	1 Month	3 Month	6 Month	FYTD	CYTD	1 Year	3 Year	5 Year	10 Year
<b>TOTAL FUND</b>										
GEP TOTAL - UNIT RETURN	8,756,779,695	-1.02	2.96	-2.56	-2.56	2.25	2.25	8.94	7.65	6.29
<i>GEP TOTAL PLAN POLICY BENCHMARK</i>		-1.40	2.03	-3.30	-3.30	-0.20	-0.20	6.51	5.40	5.59
GEP Unit Rtn UC Foundations	8,756,779,695	-1.02	2.96	-2.56	-2.56	2.25	2.25	8.94	7.65	6.29
GEP TOTAL PLAN POLICY BENCHMARK		-1.40	2.03	-3.30	-3.30	-0.20	-0.20	6.51	5.40	5.59
GEP TOTAL US PUBLIC EQUITIES	1,386,223,615	-1.86	5.90	-3.43	-3.43	-0.12	-0.12	14.50	12.01	6.90
<i>U.S. EQUITY B-MARK R3000 TF</i>		-2.10	6.23	-1.65	-1.65	0.24	0.24	14.71	12.08	7.24
GEP TOTAL NON-US PUBLIC EQUITIES + EQ	1,518,178,567	-1.57	4.88	-8.36	-8.36	-3.20	-3.20	2.39	1.90	3.68
NON-US EQUITIES POLICY BENCHMARK		-1.88	3.24	-9.32	-9.32	-5.66	-5.66	1.50	1.06	2.92
GEP DEVELOPED NON US PUBLIC EQUITY	918,741,097	-2.22	4.59	-5.93	-5.93	-0.90	-0.90	5.26	3.80	3.80
<i>BLENDED EAFE TF + CANADA INDEX</i>		-1.79	3.89	-7.26	-7.26	-3.29	-3.29	3.83	2.64	2.79
GEP EMERGING MARKET EQUITY	599,437,470	-0.56	5.29	-11.82	-11.82	-6.54	-6.54	-2.76	-1.90	4.75
EMERGING MARKETS EQUITY POLICY BENCHMARK		-2.23	0.66	-17.35	-17.35	-14.92	-14.92	-6.76	-4.81	3.61
GEP GLOBAL EQUITY	771,530,656	-1.00	6.06	-2.35	-2.35					
MSCI AC WORLD (NET)		-1.80	5.03	-4.90	-4.90					
GEP TOTAL FIXED INCOME W/ TIPS & DOLLAR	966,384,401	-1.04	-0.13	-1.46	-1.46	-0.75	-0.75	0.60	3.90	5.16
GEP TOTAL CORE FIXED INCOME	280,200,953	-0.40	-0.33	0.61	0.61	0.69	0.69	1.72	3.47	4.43
<i>GEP FIXED INCOME POLICY BENCHMARK</i>		-0.32	-0.57	0.65	0.65	0.55	0.55	1.44	3.25	4.52
GEP HIGH YIELD	251,322,828	-1.74	-0.10	-3.75	-3.75	-1.39	-1.39	3.32	6.14	
<i>BofAML HY Cash Pay (Daily)</i>		-2.55	-2.09	-6.87	-6.87	-4.55	-4.55	1.64	4.84	

# Chief Investment Officer of the Regents

RATES OF RETURN - Unit Value

Periods Ending December 31, 2015

GEP STIP UNIT VALUE RETURN SUMMARY REPORT



STATE STREET

	EMV	1 Month	3 Month	6 Month	FYTD	CYTD	1 Year	3 Year	5 Year	10 Year
GEP EMERGING MARKET DEBT	193,244,309	-1.21	0.82	-1.46	-1.46	-1.06	-1.06	-1.28	3.51	
<i>FI TOTAL EMERGING MKTS BENCHMARK (DAILY)</i>		-1.39	1.25	-0.47	-0.47	1.18	1.18	0.99	4.78	
GEP TIPS	197,794,304	-0.71	-0.50	-1.49	-1.49	-0.81	-0.81	-2.09	2.75	4.27
<i>UCR BC US TIPS (DAILY)</i>		-0.79	-0.64	-1.78	-1.78	-1.44	-1.44	-2.27	2.55	3.93
GEP BLACKROCK UNCONSTRAINED	43,822,008	-1.71	-1.61							
Barclays Aggregate (Daily)		-0.32	-0.57							
GEP TOTAL PRIVATE EQUITY	962,663,989	0.96	2.74	4.16	4.16	16.93	16.93	21.33	17.11	11.69
<i>GEP PRIVATE EQUITY POLICY BENCHMARK</i>		0.96	2.74	4.16	4.16	16.93	16.93	21.33	17.11	11.69
GEP AR - DIV - UNIT RETURN	2,040,108,881	-1.48	1.40	-3.49	-3.49	0.45	0.45	7.39	5.58	5.47
<i>WEIGHTED HFRX (PREV. 30-DAY TBILL+4.5%)</i>		-2.15	-1.23	-5.14	-5.14	-2.95	-2.95	2.13	-0.74	3.47
GEP REAL ASSETS	202,665,824	-1.61	-3.40	-4.16	-4.16	-16.29	-16.29	0.97	1.05	
<i>GEP REAL ASSETS LAGGED BENCHMARK</i>		-1.61	-3.40	-4.16	-4.16	-16.29	-16.29	0.97	1.05	
GEP TOTAL REAL ESTATE	513,905,047	0.54	2.41	5.22	5.22	14.68	14.68	13.48	13.58	3.68
GEP PRIVATE REAL ESTATE	513,905,047	0.54	2.41	5.22	5.22	14.52	14.52	13.62	13.99	3.63
GEP LIQUIDITY	395,118,715	0.09	0.31	0.58	0.58	1.25	1.25	1.42	1.88	17.47
<i>UC US TWO YEAR TREASURY NOTE INCOME RETURN</i>		0.07	0.18	0.34	0.34	0.61	0.61	0.41	0.38	1.51
<b>STIP</b>										
STIP - UNIT RETURN	8,074,234,727	0.11	0.29	0.62	0.62	1.28	1.28	1.50	1.85	2.85
<i>STIP POLICY</i>		0.06	0.14	0.24	0.24	0.43	0.43	0.31	0.29	1.47

# Chief Investment Officer of the Regents

RATES OF RETURN - Unit Value

Periods Ending December 31, 2015

GEP STIP UNIT VALUE RETURN SUMMARY REPORT



STATE STREET.

	EMV	1 Month	3 Month	6 Month	FYTD	CYTD	1 Year	3 Year	5 Year	10 Year
<b>PLANNED GIVING</b>										
PG FIXED INCOME POOL	30,591,427	-0.27	-0.06	0.63	0.63	0.91	0.91	1.81	4.12	5.14
<i>Barclays Aggregate Bond</i>		-0.32	-0.57	0.65	0.65	0.55	0.55	1.44	3.25	4.52
PG EAFE STATE ST INTL INDEX FUND	8,461,241	-1.75	3.94	-7.18	-7.18	-2.91	-2.91	4.26	3.07	3.25
<i>BLENDED EAFE TF + CANADA INDEX</i>		-1.79	3.89	-7.26	-7.26	-3.29	-3.29	3.83	2.64	2.79
PG RUSSELL 3000 INDEX FUND	29,567,089	-2.10	6.22	-1.47	-1.47	0.44	0.44	14.88	12.28	7.41
<i>U.S. EQUITY B-MARK R3000 TF</i>		-2.10	6.23	-1.65	-1.65	0.24	0.24	14.71	12.08	7.24

## **REPORT ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** State Budget Update 2016-17
- 3. REPORT:**

The Governor proposes an ongoing increase of \$1.015 million General Fund for UC Hastings College of the Law. If passed, this represents a total of \$11.659 million, a 9.5% increase over 2015-16. This augmentation is based on the Governor's multi-year funding plan for higher education. The increase was anticipated and has already been factored into the budget plan.

In addition, the budget includes a one-time allocation of \$2 million that the Governor has specifically earmarked for deferred maintenance activities in state-supported buildings, i.e., Kane and Snodgrass Halls. The use of these funds will be prioritized based on a variety of criteria, including life-safety, code-compliance, and cost savings that can come from work related to energy and water conservation. Attached is a preliminary list of deferred maintenance projects that could be funded from the \$2 million allocation. We anticipate that the Department of Finance will promulgate some standards and eligibility criteria as there are doubtlessly differing interpretations of the definition of deferred maintenance, so there may be some change based on whatever standards are developed.

The Governor's *2016 Five Year Infrastructure Plan* maintains the Administration's support for additional funding to upgrade the 50 Hyde Street Annex. "The Plan proposes \$6.8 million lease revenue bond funds in 2017-18 for the 198 McAllister Annex (Annex) renovation project. The Annex was constructed in 1969 and contains special-use program space. The Annex renovation will address seismic deficiencies, core building system failures, ADA accessibility issues, and critical fire and life safety concerns."

In April 2015, Governor Brown signed Executive Order B-30-15, which directed state agencies to consider climate change in all planning and investment decisions. Specifically, this executive order established a statewide greenhouse gas emission reduction target of 40 percent below 1990 levels by 2030 and reiterated the state's commitment to long-term greenhouse gas emissions reductions. The executive order also identified a series of actions to increase the state's resilience to climate change.

UC Hastings is integrating these goals into its capital planning processes implementing sustainability measures through the consolidation and intensification of multiple



environmental initiatives into a comprehensive adaptive management program. This effort includes implementation of campus-wide infrastructure and capital upgrades, integrating life cycle maintenance and renewal planning as an element of all building projects, and identification of mission-critical infrastructure points of vulnerability to climate change and opportunities for mitigation.

A Day in Sacramento is being scheduled for March 2016 with students along with representation from the governing boards of the institution.

**DEFERRED MAINTENANCE LIST - STATE SUPPORTED FACILITIES  
HASTINGS COLLEGE OF THE LAW (6600)**

**Kane Hall - 200 McAllister**

	<b><u>Priority</u></b>	<b><u>Budget</u></b>
1. Waterproofing Projects		
· Breezeway waterproofing	High	\$17,000
· Patio door threshold waterproofing	High	\$5,000
· Penthouse elastomeric paint	Medium	\$20,000
2. Lighting Projects		
· Wood Stair light fixture replacement	Medium	\$15,000
· Replace Library light fixture with LED type	High	\$50,000
· Replace Dinning commons light fixture with LED type	Medium	\$15,000
· Replace ARC Lighting control and light fixtures	High	\$10,000
· Replace exterior lights with LED type	Medium/Low	\$50,000
3. Floor projects		
· Wood Stairs rehab	Medium	\$10,000
· Student Lounge (Shark Tank) floor resurface	High	\$10,000
· Carpet replacement (some offices, elevator lobbies, etc.)	Low	\$30,000
4. Roof Projects		
· Facade Access Project	High	\$250,000
· Roof replacement and roof deck	High	\$1,000,000
· Solar panels	Medium	
· HVAC supply air canopy - West side	Medium	\$15,000
5. HVAC		
· Upgrade EMS system	Medium	\$40,000
· Upgrade HVAC system in IT area	Medium	\$30,000
· Refurbish/balance all motors, pumps and fans	Medium	\$60,000
6. Electrical Infrastructure		
· Replace Emergency Generator	High	\$450,000
· Emergency power phone switch - New transformer\distribution panels	High	\$20,000
· Infra- red scan all panels and switchgear members.	High	\$8,000
7. Water conservation		
· Replace all faucets with automatic kind.	Medium	\$15,000
· Replace all soap dispensers with automatic kind	Medium	\$15,000
· Replace all towel dispensers with automatic kind	Medium	\$15,000
· Hot air hand dryers.	Medium	\$15,000
8. Building Exterior		
· Install anti -graffiti coating.	Medium	\$30,000

**Snodgrass Hall - 198 McAllister**

1. Lighting Projects		
· Replace light fixtures in the hallways	Low	\$45,000
· Replace light fixtures in Gold Room	Low	\$25,000
· Replace exterior sodium vapor lights in the beach	Medium	\$15,000
2. Roof Projects		
· Patch and repair roof areas as needed	Medium	\$15,000
· Patch and repair mix air boxes as needed	Medium	\$8,000
3. HVAC		
· Upgrade EMS system	Low	\$55,000
· Refurbish/balance all motors, pumps and fans	Medium	\$60,000
4. Electrical Infrastructure		
· Infra-red scan panels & torque risers\switchgear members as needed	High	\$10,000
5. Water conservation		
· Replace all faucets with automatic kind.	Medium	\$15,000
· Replace all soap dispensers with automatic kind	Medium	\$15,000
· Replace all towel dispensers with automatic kind	Medium	\$15,000
· Hot air hand dryers.	Medium	\$15,000
6. Building infrastructure		
· Replace sump pump outlet pipes	High	\$15,000

<b>Total</b>		<b>\$2,503,000</b>
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**REPORT ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Recommendations on Payroll and Human Resources  
Policies and Procedures
- 3. REPORT:**

Attached is a draft report prepared by the CPA firm Moss Adams LLP, detailing Recommendations on Payroll and Human Resources Policies and Procedures.

**UNIVERSITY OF CALIFORNIA**  
**HASTINGS COLLEGE OF THE LAW**

**HUMAN RESOURCES AND PAYROLL CONSULTING PROJECT**

**CONFIDENTIAL: UCH USE ONLY**

**January 2016**

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## EXECUTIVE SUMMARY

Moss Adams LLP (Moss Adams) performed a consulting project of the human resources (HR) and payroll processes for the University of California Hastings College of the Law (UCH). Areas of coverage included the hiring and removing of employees, the entry and updating of payroll transaction data including current and retroactive pay, processing and paying payroll, and posting the transactions of the accounting system.

The purpose of this engagement was to assist management with guidance on how to implement recommendations from a previous review of HR and payroll performed in December 2014. While Moss Adams provided expertise and instruction, we did not perform any changes nor did we make descions on internal controls structure; these policy changes were made by management.

UCH has implemented a significant number of good HR and payroll process controls. Good practices observed included:

- UCH has leveraged the existing University of California payroll processing system which is maintained outside of their governance structure and does not require resources to maintain and update.
- Sensitive processing activities within the HR and payroll process have been properly segregated to ensure that no one person has excessive access that would allow them to process transactions fraudulently.
- UCH had sufficiently robust HR- and payroll-related policies leveraging the existing University of California payroll processing system documentation available.
- All changes performed in the payroll personnel system (PPS) using routine data changes resulted in a transactions report that could be reconciled to the original request document to ensure change was complete, accurate and valid.

Although UCH Management (Management) had some good HR and payroll process controls processes in place, UCH lacked certain controls that may improve effectiveness and efficiency of operations. As the report below demonstrates, these controls center on the need for a streamlined, automated approach that ensures data changes are reviewed and that existing policy that exists is disseminated and employees and supervisors are held accountable.

- Transactions that were entered in the on-line payroll system tool did not have an audit trail and were not reviewed subsequently to ensure they were complete and accurate. Additionally, since the changes were not subsequently reviewed or validated, there was an opportunity for invalid or incorrect entry as well as an opportunity for payroll fraud.

- Notice of pay adjustments, settlements, stipends, retroactive pay, mass pay changes, etc. were not always communicated to payroll timely, which caused retroactive pay adjustments and other delays processing payroll. This created more work for Payroll, and the process of making these changes was not as well controlled as the routine changes.
- Additional policies covering such items as stipends and pre and post litigation employee settlements should be developed and approved by the Board to ensure consistent and fair implementation and use.

DRAFT

## ENGAGEMENT METHODOLOGY

For this engagement we reviewed the current practices within the human resources (HR) and payroll process of the University of California Hastings College of the Law (UCH). We assisted management in implementing the recommendations put forth in the December 2014 internal audit report. As such, we reviewed the control environment and activities in place to ensure roles and responsibilities for HR and payroll had been defined, and that standard policies and a defining a set of procedures and controls had been established. We re-assessed the design effectiveness of the HR and payroll process in place as of December 2015 to ensure complete accurate and valid maintenance and processing of HR records and payroll transactions. We provided more granular observations and outstanding action items, as documented in the table below. Then we assisted management in creating an updated HR and payroll policy reflecting the current state of the process (see Appendix A) and created process flow charts for each sub-process (see Appendix B.)

For the scope of our engagement, we revisited the progress of control design improvements implemented relevant to the following sub-processes:

- Onboarding and off-boarding of employees
- Updating and maintaining the employee master file
- Entering and processing period transactions, current and retroactive
- Processing and review of payroll runs
- Posting and reviewing the payroll entries into the accounting system

This engagement included over 30 hours of collaborative working sessions with members of senior management of the HR and Payroll, key managers and staff (see Appendix C), review of UCH documentation, including the policies and procedures (see Appendix D), observation or discussions on certain transactions within the audit scope specified above. Specifically, the following procedures were completed:

- Examined existing shelf documentation (e.g., narratives, prior audit reports, policies and procedures, etc.) the organization had developed regarding data governance processes, policies and standards.
- Examined the controls and activities implemented and those in the process of being implemented by Management to minimize the inherent process risks.



- Identified and documented existing controls related to a those risks.
- Conducted interviews with process owners, key managers and staff to determine whether additional risks had been omitted and whether the audit objectives above had been met.
- Identified and recommended enhancements to existing controls to help ensure that practices were in alignment with the objectives of those charged with governance.
- Analyzed Management’s activities to monitor and minimize the relevant risk.
- Performed a cursory walkthrough of the relevant process in order to evaluate the effectiveness of the control design in meeting the audit risks and the control objectives.
- Documented additional observations that may or may not have been within the scope of the audit but are meant to add value and recommendations on good practices to Management (See table below.)

It should be recognized that internal controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with Management’s intentions. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness or other personnel factors. Internal control procedures can be circumvented either with respect to the execution and recording of transactions, or with respect to the estimates and judgments required in the processing of data.

Further, the projection of any evaluation of an internal control process to future periods is subject to the risks that internal control procedures may become inadequate because of changes in conditions, and that the degree of compliance with the procedures may deteriorate.

This engagement was performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we provide no opinion, attestation or other form of assurance with respect to our work or the information upon which our work is based. The procedures performed do not constitute an examination in accordance with generally accepted auditing standards or attestation standards. This report was developed based on information from our interviews with employees and our analysis of sampled documentation.

## OBSERVATIONS AND MANAGEMENT ACTION ITEMS

The detailed observations and management action items below address opportunities for UCH to improve the design of HR and Payroll process controls based on the working sessions with management. We considered the design effectiveness of these action items in the HR and Payroll process to sufficiently address the observation requiring remedy for this process.

Obs No.	Observation	Management Action Item
1	Data entered into the Payroll Personnel System (PPS) payroll system is not consistently reviewed for accuracy. This includes entries made to edit employee compensation and database records as well as the monthly pay transactions (i.e., overtime, leave-without-pay, stipends, retroactive pay.)	To ensure all changes to an employee's EDB or pay record are written, justified and authorized by the employee's supervisor, supervisors should review information entered into PPS by having Personnel Action Notification (PAN) notifications sent to them. All entries made by HR personnel should be reviewed and approved by an HR supervisor; all entries made by the Payroll Accountant should be independently reviewed by the Fiscal Supervisor.
2	There was no automated system to track the workflow for most employees (other than adjunct faculty) so there was potential to having delays collecting required forms, which can in turn cause delays processing payroll for those individuals. There was also the potential for established policies and procedures to be by-passed.	Implement an automated workflow utilizing Salesforce, although IT resources are limited to support this effort. We recommend that a one-time funding allocation be made and a consultant or temporary employee help to work on this project. We suggest the Directors of HR and IT oversee the implementation of this recommendation.
3	The expiration dates of limited term appointments were not always reviewed in a timely fashion, which has caused delays in payment as employees continued to work; this could also lead to additional processing work for HR and Payroll and payments in excess of budget (i.e., lack of labor cost control.)	Supervisors should manage their employees' appointments. A procedure used to be in place whereby all student employees had a default appointment expiration date of 5/31/xx – unless specified earlier by the hiring supervisor. Additionally, HR should utilize the expiration report out of PPS to monitor for expiring appointments to remind supervisors. Returning to this practice would minimize the number of inactive appointments. Refresh training for all supervisors on UCH employment

Obs No.	Observation	Management Action Item
		practices and guidelines. We suggest the Director of HR and the Academic Dean's office oversee the implementation of this recommendation.
4	The hiring process for staff was not formally documented, and there was no comprehensive checklist or workflow on activities required. Hiring staff, such as managers and supervisors, had not been provided with a formally defined set of activities to onboard new employees, which resulted in administratively cumbersome follow-up by HR on missed or incomplete items, as well as retroactive pay transactions and delayed payments for employees.	Implement an automated workflow utilizing Salesforce to define the hiring process. We suggest the HR Director oversee the implementation of this recommendation.
5	The process around establishing and modifying employee benefits was decentralized with activities split between HR and Payroll. The initial and subsequent enrollments were managed by payroll, but the interaction for employee counseling was managed by HR.	All benefit administration in PPS and benefit counselling should be centralized with HR
6	Stipends were not clearly communicated timely, in terms of amount, type, length of time, eligibility, purpose, funding source, payment schedule, etc. This can cause retroactive pay adjustments and other delays processing payroll.	Establish a formal Stipend Policy to define why UCH uses stipends, the amount of stipends authorized (i.e., stipends above a certain percentage or amount should be approved by the Board) the length of the stipend and whether it is subject to retirement-covered compensation. We suggest the HR Director lead the development of this policy for the Board's approval.

<b>Obs No.</b>	<b>Observation</b>	<b>Management Action Item</b>
7	Pay adjustments were not always communicated timely, which causes retroactive pay adjustments and other delays processing payroll. Further, it was often unclear what type of pay adjustments (i.e., grievance, reclassification) were needed, which is required to ensure proper accounting.	Establish an automated workflow in Salesforce or PPS to communicate and document changes in pay and their approval. We suggest the HR Director lead the development of this workflow.
8	Changes related to compensation, terminations, and new hires were submitted manually to the budget office by HR, which increased the workload on HR's already limited staff. Further, HR did not always have first-hand knowledge of the specifics needed for budgeting.	We recommend supervisors, department heads, and budget managers make changes directly to the cost sheet for budgeting purposes. Additionally, PAN notifications can also be sent to the budget office to notify them of personnel changes to facilitate budget adjustments that may be needed. We suggest the Budget Officer lead the implementation of this process, specifically, training department heads on when revised cost sheets are to be issued and how to calculate the revised costs needed for budget adjustments.
9	Terminations and resignations were not always communicated timely to HR by the employee or supervisor.	When employees are terminated or resign supervisors should formally inform HR so that proper actions can be made to terminate employees from applicable systems. This will also ensure that required documentation is provided to the terminated or resigning employee. We suggest the HR Director establish the Standard Operating Procedure (SOP) for this process.
10	There was a paper "3-signature form" used by HR for rate changes that is manually tracked by HR which can cause delays getting signatures.	Identify proper authorizations required for each request and implement an automated workflow utilizing Salesforce to expedite and record approvals. We suggest the HR Director oversee the implementation of this recommendation.

**University Of California Hastings – Human Resources and Payroll Consulting Project**

<b>Obs No.</b>	<b>Observation</b>	<b>Management Action Item</b>
11	Current division of duties between HR and Payroll was sufficient but not in alignment with best practices of an ideal internal control environment. Additionally, current workflows were inefficient.	HR should be responsible for entering all new hires and re-hires into PPS. HR should be responsible for establishing all benefits and making benefit changes. Payroll should be responsible for all PPS changes related to compensation, including funding changes. If possible, implement Salesforce workflow. Director of HR and the Controller should work together to define and implement this policy.
12	Mass compensation changes approved by the Board were not always communicated timely to HR and Payroll for implementation. Further, the authority cited by the Board for the action was not received timely.	Board-approved documents should be distributed timely with the approved resolution of such compensation changes to both HR and Payroll to ensure changes are properly documented and authorized in the departments effectuating the Board's decisions.
13	UCH does not have an established policy on employee settlements, promotions, and reclassifications to provide staff with guidelines on the acceptable parameters and denoting who has the authority to approve such transactions.	UCH should develop a policy on employee settlements, promotions, and reclassifications, defining broad parameters and authority. We suggest this policy be drafted by the Director of HR for the Board's review.
14	No formal training program for new supervisors and department heads existed on how to recruit, hire, pay and manage labor budgets.	Develop a training program for new supervisors and department heads. These training materials should be published in a searchable knowledge base with 'how to' guides. This allows for a user-friendly system to search for workflows and provides a tool for easily keeping the information current. We recommend the Director of HR create an Orientation Committee for this purpose consisting of the Controller, the Budget Officer and other department heads who can help orient new managers to UCH.

Obs No.	Observation	Management Action Item
15	Payroll Section of the Financial Policy and Procedure Manual and the Staff Handbook were outdated.	Both documents should be updated reflecting the policy statements developed by Management, as well as current laws and regulations. These documents should be distributed to staff and Management. In addition, procedures and workflows should be developed, using Salesforce when possible, to ensure the policies are standardized and consistently followed. We suggest the Controller and Director of HR lead this effort, and prepare the revised policies for the Board's review.

**APPENDIX A – DRAFT HR AND PAYROLL POLICY**

DRAFT

**APPENDIX B – DRAFT PROCESS FLOW CHARTS**

DRAFT



## **APPENDIX C – DOCUMENTS REVIEWED**

The documents listed below were reviewed during the risk assessment and considered in conducting the interviews:

- 01 PBC - Budgeting Process Salaries and Benefits v10.2.2014.pdf
- 01 PBC - Compensation Adjustments v12.12.2013.pdf
- 02 PBC - Comp Time Payout.docx
- 02 PBC - Employees Listing 10.1.2013 - 9.30.2014.xls
- 03 PBC - Desk Manual - HR Asst Dec 09.doc
- 03 PBC - Executive Director of HR Position Description 2005.pdf
- 04 PBC - Exit Packet Checklist - Staff and Faculty.docx
- 04 PBC - FacultyTypes v9.9.2013.pdf
- 04\_FY15\_Payroll\_OCT15.xlsx
- 05 PBC - Exit Process for Temporary Employees.docx
- 05 PBC - HR Generalist Position Description 2013.pdf
- 06 PBC - Faculty Chairs.docx
- 06 PBC - HR Position Descriptions v9.25.2013.pdf
- 07 PBC - Faculty Salary Information v10.3.2014.docx
- 07 PBC HR Senior Administrative Assistant Position Description 2013.pdf
- 08 PBC - Human Resources Analyst Position Description 2013.pdf
- 08 PBC - New Hire Folder Creation (PAF) - SOP.doc
- 09 PBC - Org Chart - Departments September 2014.pdf
- 09 PBC - Payroll Internal Control v6.30.2014.docx
- 10 PBC - Payroll Accountant Position Description 2014.pdf
- 10 PBC - Payroll Steps.xlsx
- 11 PBC - Payroll Coordination Position Description 1999.pdf
- 11 PBC - Student Employment - Standard Operating Procedures.docx
- 12 PBC - Payroll Manager Position Description 2014.pdf
- 12 PBC - Terminating a Temp.docx
- 13 PBC - Principial HR Analyst Desk Manual vJune 2010.pdf
- 14 PBC - Report by the Auditor General of CA October 1986.pdf
- 15 PBC - SF Weekly 9.9.2014.pdf
- 16 PBC - UC Hastings - SF Daily Journal J.8.11.14.pdf
- 17 PBC - UC Hastings - MA Notes 9.30.2014.pdf
- 18 PBC - UC Hastings AU-C 260 and 265 Letters 6.30.2012.pdf
- 19 PBC - UC Hastings AU-C 260 and 265 Letters 6.30.2013.pdf
- 20 PBC - UC Hastings Audited Financial Statements 6.30.12 & 6.30.11.pdf
- 2014-15 Salary-Benefit Budget Cost Sheet Sample.xlsx
- 2015-16 Salary-Benefit Budget Sample.xlsx
- 2015-2016 Faculty Salary Step System (2015-27-5 MB).xlsx
- 2015\_Hastings Final AUC Rpt 2015.pdf
- 2015\_Investment Policy Certification Ltr - 2015 Final 1030.pdf
- 2015\_Report Single Final 1104.pdf

- 2015\_UC Hastings FS Final 1030.pdf
- 21 PBC - UC Hastings Audited Financial Statements 6.30.13 & 6.30.12.pdf
- 22 PBC - Whistleblower Notice v9.5.2014.pdf
- 23 PBC - Whistleblower Policy v9.5.2014.pdf
- 24 PBC - Budget Managers - Screen Shot Displays.docx
- 25 PBC - ADJUNCT PAYROLL FY15 10-3-14.xlsx
- 26 PBC - PAR Reconciliation\_Aug14 to Sep14.xlsx
- 27 PBC - Hastings AUC Rpt 2014 Final 1030.pdf
- 28 PBC - UC Hastings FS Final 1030.pdf
- 3SignatureApproval.docx
- Account History Report 12.15.15.pdf
- Accounting Manager Job Description Nov 2015.pdf
- Accounting Manager Nov 2015.pdf
- Budgeting Salaries.pdf
- Contract Flowchart 2014 Salesforce.xlsx
- Copy of Student\_Employment\_Guide\_15-15.docx.docx
- HR PR Assessment-Project Chart.xlsx
- HROrgChart.pdf
- I\_PBC FS-06j\_Payroll Risk Assessment FY15.rtf
- Org\_Chart-Controller.pdf
- PAF - Personnel Action Form.pdf
- Payroll Desk Manual-1-Introduction.pdf
- Payroll Desk Manual-10-Taxes.pdf
- Payroll Desk Manual-11-Manual Checks.pdf
- Payroll Desk Manual-2-Payroll Procedures.pdf
- Payroll Desk Manual-3-Human Resources.pdf
- Payroll Desk Manual-4-Payroll Cycle.pdf
- Payroll Desk Manual-5-System Structure.pdf
- Payroll Desk Manual-6-Data Entry.pdf
- Payroll Desk Manual-7-On Line Help.pdf
- Payroll Desk Manual-8-System Messages.pdf
- Payroll Desk Manual-9-Payroll Entries.pdf
- Payroll Desk Manuel-12-Payroll Journal.pdf
- Policies and Procedures Over Payroll - MA Version.doc
- PPS Report-Notice of Expiring Appointments.pdf
- print.txt
- Project One-Sheet.docx
- Request to Hire Accounting Manager - Signed.pdf
- Salesforce- Adjunct Contract Process.pdf
- Salesforce-Project Plans.pdf
- Salesforce-Student Employee Process.pdf
- Section 12 Payroll.doc
- Student\_Employment\_Guide\_15-15.docx.docx
- Student\_Employment\_Guide\_15-15.pdf
- Time Sheet Instructions.pdf
- Time Sheet.pdf

**APPENDIX D – PERSONNEL INTERVIEWED**

The following individuals were interviewed as part of the assessment process:

<b>Name</b>	<b>Title</b>
Sheryl Koga	Consultant
Deborah Tran	Controller
Robert Pettit	Executive Director, Human Resources
Maria Burgos	Payroll
Sandy Lei	Payroll
Frank Wu	Former President, UC Hastings
Dee Dee Molina	Payroll
Carol Cole	Executive Director, Budget Office

## **REPORT ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Draft Environmental Impact Report and UCSF Memorandum of Understanding
- 3. REPORT:**

An oral report was presented at the Finance Committee meeting on February 11, 2016, on the EIR process and the soon-to-be released Draft Environmental Impact Report (DEIR) for the Long Range Campus Plan. This draft document is currently being reviewed by the project team. Sections concerning tribal cultural resources and wind and shadow analyses are not yet complete.

A memorandum of understanding between UCSF and UC Hastings is attached, codifying the respective roles and responsibilities as it pertains to the environmental review process. UCSF has agreed to serve as a Responsible Agency in support of UC Hastings' role as Lead Agency.

MEMORANDUM OF UNDERSTANDING  
Proposed UC Hastings Long Range Campus Plan EIR

THIS MEMORANDUM OF UNDERSTANDING (this "MOU"), dated as of January \_\_, 2016, is made by and between The Regents of the University of California ("The Regents"), on behalf of its San Francisco campus ("UCSF"), and the University of California Hastings College of the Law ("UC Hastings") in connection with the proposed project described below.

PROPOSED PROJECT

The Regents and UC Hastings propose to develop and/or renovate campus housing to support their programs in San Francisco on one or more sites currently owned by UC Hastings and used for academic and/or campus housing purposes. In furtherance of this proposed project, UCSF and UC Hastings have executed a non-binding letter of intent for preparation of an agreement for a venture between UCSF and UC Hastings for, inter alia, the development of campus housing for the use of UCSF and UC Hastings. Upon completion of environmental review, The Regents and UC Hastings propose to execute documents for a business transaction between the parties to develop and/or renovate campus housing on UC Hastings' site(s). The proposed project may include replacement of existing academic and multipurpose space, which is currently located on a potential campus housing development site.

The Regents and UC Hastings wish to coordinate environmental review for the project as provided for in accordance with the California Environmental Quality Act (CEQA), pursuant to CEQA Guidelines Section 15051(d). The Regents, through has designated UCSF as the entity to carry out The Regents responsibilities under CEQA.

AGREEMENT

The Regents and UC Hastings agree to the following with regard to environmental review of the proposed project:

1. UC Hastings shall be lead agency for the proposed project for the purposes of environmental review under CEQA, pursuant to CEQA Guidelines Section 15051 (c). The Regents has a responsible agency role in adopting CEQA findings based upon the UC Hastings Long Range Campus Plan ("LRCP") Final Environmental Impact Report ("FEIR") at the time that The Regents approves the business transaction for joint development of campus housing with UC Hastings. It is the intention of both The Regents and UC Hastings that UC Hastings prepares an environmental impact report (EIR) upon which each agency may rely for its respective project approvals. UC Hastings will coordinate with UCSF as set forth below.
2. UC Hastings has retained environmental consultants to prepare the EIR and will bear the expenses thereof.

3. UC Hastings has prepared a project description for the LRCP including the proposed project. UCSF has reviewed and commented on the project description.
4. UC Hastings has prepared the significance criteria for the EIR. UCSF has reviewed and commented on the significance criteria.
5. UC Hastings has and will continue to coordinate with UCSF staff during the EIR scoping process including the scoping of background studies (such as the transportation impact analysis).
6. UCSF has reviewed and commented on the administrative draft of the Notice of Preparation/Initial Study. Additionally, UCSF will be allowed two (2) weeks to review and comment on the first administrative draft of the Draft EIR (“DEIR”) and one (1) week to comment on subsequent administrative drafts of the DEIR. The schedule will allow for UC Hastings to address UCSF’s comments.
7. UC Hastings will coordinate with UCSF regarding distribution of the Notice of Preparation/Initial Study and the DEIR.
8. UC Hastings has and will continue to coordinate with UCSF in scheduling the Initial Study and Draft EIR publication dates, public hearing dates, and, to the extent applicable, any necessary City of San Francisco commission dates.
9. UC Hastings and its consultants will prepare responses to public comments received on the DEIR for review by UCSF. UCSF will assist UC Hastings in responding to public comments, as necessary, and will review administrative draft responses to comments. UCSF will have one (1) week to comment on the first administrative draft of the responses to comments document and one (1) week to comment on subsequent administrative drafts of the responses to comments document.
10. The schedule will allow for UC Hastings to address UCSF's comments on items 3, 4, 6, and 9 above.
11. UC Hastings shall retain the services of a court reporter at any public scoping meeting and at any public hearing on the DEIR.
12. As the lead agency, UC Hastings will be responsible for certifying the FEIR, making CEQA Findings including a statement of overriding considerations, if necessary, and adopting a Mitigation Monitoring and Reporting Program (“MMRP”), before taking approval actions on the LRCP.
13. As a responsible agency, UCSF will assist The Regents in preparing CEQA Findings relying on the FEIR, including a statement of overriding considerations, if necessary, and identifying

mitigation measures in the MMRP within the jurisdiction of The Regents before The Regents takes any approval actions related to the proposed project.

14. The Regents, UCSF, and UC Hastings understand that reimbursement of fees and/or costs shall be addressed in a separate fee agreement between the parties.
15. This MOU shall become effective upon the date on which it is executed by both The Regents and UC Hastings.

To The Regents and UCSF:

Lori Yamauchi, Assistant Vice Chancellor  
UCSF Campus Planning  
654 Minnesota Street, 2nd Floor  
San Francisco, CA 94143-0286

with a copy to:

Kelly Drumm, Senior Counsel  
Elisabeth Gunther, Senior Counsel  
Office of General Counsel  
University of California  
Office of the President  
111 Franklin Street, 8th Floor  
Oakland, CA 94607

To UC Hastings:

David Seward, Chief Financial Officer  
University of California Hastings College of the Law  
200 McAllister Street  
San Francisco, CA 94102

with a copy to:

Elise Traynum, General Counsel  
University of California Hastings College of the Law  
200 McAllister Street  
San Francisco, CA 94102

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA  
UNIVERSITY OF CALIFORNIA SAN FRANCISCO  
CAMPUS PLANNING DEPARTMENT

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Lori Yamauchi

Date

Approved as to form

By: \_\_\_\_\_

Christine Haas

Senior Campus Counsel

UNIVERSITY OF CALIFORNIA  
HASTINGS COLLEGE OF THE LAW

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David Seward

Date

Approved as to form

By: \_\_\_\_\_

Elise Traynum

General Counsel



**REPORT ITEM**

- 1. REPORT BY:** David Seward
- 2. SUBJECT:** Governor's Renewable Energy Mandate  
– Solar Power Evaluation
- 3. REPORT:**

An oral report was presented at the Finance Committee Meeting on February 11, 2016, discussing the Governor's renewable energy initiative and whether UC Hastings should undertake a due diligence process to identify and assess the economic feasibility of pursuing renewable energy options.

The Chief Financial Officer may give a brief discussion or additional information and respond to questions if requested.

## **REPORT ITEM**

- 1. REPORT BY:** David Faigman and David Seward
- 2. SUBJECT:** Annual Report on Faculty and Staff Salaries over \$100,000

- 3. REPORT:**

The 2015-16 Annual Report on Faculty and Staff salaries over \$100,000 was distributed at the February 11, 2016 meeting of the Finance Committee of the Board of Directors. Pursuant to Standing Order 101.2(b), the Chancellor and Dean shall report changes in compensation in excess of \$100,000 per annum to the Board of Directors through the Committee on Finance except as provided in Standing Order 100.3(b).

## REPORT ITEM

1. **REPORT BY:** David Seward
2. **SUBJECT:** Review of College Checks & Electronic Transfers over \$50,000
3. **REPORT:**

Listed below are checks & electronic transfers issued by the College for the period of October 30, 2015 through January 15, 2016.

Date	Check/ Electronic Transfers No.	Vendor	Amount	Description
10/30/15	E0037555	MKTHINK	\$56,002.47	September 2015 professional services for 333 Golden Gate & Kane Hall projects
10/30/15	E0037558	PCD	\$52,182.19	Progressive billing - Payment #2 Media Services Educational Technology Center audio visual installation
11/2/15	E0037583	Interstate Grading & Paving	\$77,950.51	Final Payment #11 – Retention related to the McAllister Street Campus Streetscape Project
11/2/2015	E0037584	Regents University California	\$451,604.65	Employer/employee contributions to UC Retirement Plan for PPE 10/31/2015
11/3/2015	ACH1409	State of California Franchise Tax Board	\$101,381.50	State withholding employee income tax payment for PPE 10/31/2015 MO Employee
11/3/2015	ACH1410	Internal Revenue Service	\$494,763.08	Payment for federal income taxes, social security taxes and Medicare taxes (employee and employer share) for PPE 10/30/2015
11/5/2015	0263230	ABM Engineering Services	\$51,247.68	Progressive payment for Tower Bldg. engineering services for the period ending 09/30/2015
11/5/2015	0263231	ABM Janitorial Services	\$74,983.18	Facilities custodial services in the 198, 200 & 100 McAllister buildings for the month of periods ending 10/31/2015
11/5/2015	0263270	Hood & Strong	\$74,000.00	Audit professional service – payment for the Single Audit Sept 2015
11/5/2015	PC9003950	Wells Fargo Bank, N.A.	\$165,539.52	Recording of procurement card payments/PayIt on general ledger for the month of October 2015
11/10/2015	E0037663	Corp State Street	\$60,246.02	Retirement program costs for annuitants and employees – Other Post-Employment Benefits for PPE 10/31/2015

<b>Date</b>	<b>Check/ Electronic Transfers No.</b>	<b>Vendor</b>	<b>Amount</b>	<b>Description</b>
11/17/15	E0037766	Regents of the University of California	\$253,238.67	Employer contributions: UC Core and Healthnet for PPE 10/31/2015
11/25/15	PC9003969	Wells Fargo Bank, N.A.	\$194,383.91	Recording of procurement card payments/Paylt on general ledger for the month of November 2015
12/1/15	E0037900	Systems & Space, Inc.	\$124,827.14	Progressive Billing - provision and installation of high-density shelving required for the remodeling of the sixth floor library space; pay period ending 10/31/2015
12/2/15	E0037908	Regents University California	\$449,780.81	Employer/employee contributions to UC Retirement Plan for PPE 11/30/2015
12/3/15	0263446	Pacific Gas & Electric	\$64,098.30	Utilities payment for the period of 10/07/2015-11/04/2015
12/8/15	E0036265	Rockridge Builders	\$165,222.90	Media Services Construction Remodel as per Bid Award; Application for Payment #3 (less 10% retention)
12/10/15	0263450	ABM Engineering Services	\$51,278.12	Progressive payment for Tower Bldg. engineering services for the period ending 10/31/2015
12/10/15	0263451	ABM Janitorial Services	\$74,983.18	Facilities custodial services in the 198, 200 & 100 McAllister buildings for the month of periods ending 11/30/2015
12/10/15	0263553	Westin St. Francis	\$67,015.19	Hastings Alumni Gala 2015 – partial payment
12/11/15	E0037945	Corp State Street	\$59,895.42	Retirement program costs for annuitants and employees – Other Post-Employment Benefits for PPE 11/30/2015
12/11/15	E0037976	Regents of the University of California	\$275,016.27	Employer contributions: UC Core and Healthnet for PPE 11/30/2015
12/16/15	0263559	ABM Janitorial Services	\$74,983.18	Facilities custodial services in the 198, 200 & 100 McAllister buildings for the month of periods ending 12/31/2015
12/17/15	PC9004001	Wells Fargo Bank, N.A.	\$168,861.31	Recording of procurement card payments/Paylt on general ledger for the month of December 2015
12/18/15	E0038031	Diablo Publications	\$82,915.88	Fall 2015 issue of Hastings Magazine
12/18/15	E0038038	SpringCM, Inc.	\$50,880.00	Enterprise Level Subscription
1/5/16	E0038110	Regents University California	\$446,580.14	Employer/employee contributions to UC Retirement Plan for PPE 12/31/2015

Date	Check/ Electronic Transfers No.	Vendor	Amount	Description
1/14/16	ACH1601	State of California Franchise Tax Board	\$102,330.26	State withholding employee income tax payment for PPE 11/30/2015 MO Employee
1/14/16	ACH1603	State of California Franchise Tax Board	\$93,622.89	State withholding employee income tax payment for PPE 12/31/2015 MO Employee
1/14/16	ACH1605	Internal Revenue Service	\$579,054.40	Payment for federal income taxes, social security taxes and Medicare taxes (employee and employer share) for PPE 12/31/2015
1/14/16	ACH1606	Internal Revenue Service	\$490,192.92	Payment for federal income taxes, social security taxes and Medicare taxes (employee and employer share) for PPE 11/30/2015
1/14/16	E0038673	Corp State Street	\$59,923.48	Retirement program costs for annuitants and employees – Other Post-Employment Benefits for PPE 12/31/2015
1/14/16	E0038680	Regents of the University of California	\$291,082.57	Employer contributions: UC Core and Healthnet for PPE 12/31/2015
1/15/16	PC9004030	Wells Fargo Bank, N.A.	\$93,140.71	Recording of procurement card payments/Paylt on general ledger for the month of December 2015 (2)
	<b>34 Records Listed</b>	<b>TOTAL</b>	<b>\$5,973,208.45</b>	

**REPORT ITEM**

**1. REPORT BY:** Director, Tom Gede, Chair

**2. REPORT**

9.1 Appointment of Director Simona A. Agnolucci and Courtney Power  
to Board Standing Committees (Oral)

**REPORT ITEM**

- 1. REPORT BY:** Acting Chancellor & Dean David L. Faigman
- 2. SUBJECT:** Report of the Chancellor & Dean
- 3. REPORT:** Oral

- 10.1 Chancellor & Dean's Report
- 10.2 Report on Recommended Payroll and Human Resources Policies by Moss Adams Consulting
- 10.3 Report on Action Taken in Closed Session Regarding Gifts and Appointments
- 10.4 Other Informational Items: Academic Programs, Student Services, External Relations and Personnel

**REPORT ITEM**

- 1. REPORT BY:** Acting Chancellor & Dean David L. Faigman
- 2. SUBJECT:** Report of the Chancellor & Dean
- 3. REPORT:** Oral

10.1 Chancellor & Dean's Report



## **REPORT ITEM**

- 1. REPORT BY:** Acting Chancellor & Dean David L. Faigman
- 2. SUBJECT:** Report on Report on Recommended Payroll and Human Resources Policies by Moss Adams Consulting
- 3. REPORT:** Written

10.2 Attached is the Report on Recommended Payroll and Human Resources Policies prepared by the audit and consulting firm Moss Adams. Representatives from Moss Adams will be present to review the reports' findings and recommendations.

**UNIVERSITY OF CALIFORNIA**  
**HASTINGS COLLEGE OF THE LAW**

**HUMAN RESOURCES AND PAYROLL CONSULTING PROJECT**

**CONFIDENTIAL: UCH USE ONLY**

**January 2016**

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## **EXECUTIVE SUMMARY**

Moss Adams LLP (Moss Adams) performed a consulting project of the human resources (HR) and payroll processes for the University of California Hastings College of the Law (UCH or the College). Areas of coverage included the hiring and separating of employees, the entry and updating of payroll transaction data including current and retroactive pay, processing, computing and paying employees, and posting the transactions of the accounting system.

The purpose of this engagement was to assist UCH Management (Management) with guidance on how to implement recommendations from a previous review of HR and payroll performed in December 2014. While Moss Adams provided expertise and instruction, we did not perform any changes nor did we make descions on internal controls structure; these policy changes were made by Management.

UCH has implemented a significant number of effective HR and payroll process controls. Such practices observed include:

- UCH has leveraged the existing University of California payroll processing system which is maintained outside of their governance structure and does not require resources to maintain and update.
- Sensitive processing activities within the HR and payroll process have been properly segregated to ensure that no one person has excessive access that would allow them to process transactions fraudulently.
- UCH had sufficiently robust HR- and payroll-related policies leveraging the existing University of California payroll processing system documentation available.
- All changes performed in the payroll personnel system (PPS) using routine data changes resulted in a transactions report that could be reconciled to the original request document to ensure change was complete, accurate and valid.

Although Management had some effective HR and payroll process controls in place, UCH lacks certain controls that may improve effectiveness and efficiency of operations and ensure employees are paid properly and accurately. As outlined in the report below, these controls center on the need for a streamlined, automated approach to HR and payroll transactions to ensure data changes are reviewed and that appropriate policies exist and are disseminated to employees. This also ensures supervisors are held accountable for this aspect of employee management.

- Transactions entered in the online time reporting tool did not have an audit trail and were not reviewed subsequently by someone other than the Payroll Accountant to ensure they were complete and accurate. Additionally, since the changes were not subsequently reviewed or validated, there was an opportunity for invalid or incorrect entry as well as an opportunity for payroll fraud.

- Notice of pay adjustments, settlements, stipends, retroactive pay, mass pay changes, etc., were not always communicated to HR and payroll timely, nor were they properly authorized. This caused errors in employee's pay, retroactive pay adjustments and other delays in processing payroll. Further, the process of making these changes was not controlled, leaving the College at risk.
- Additional policies covering such items as stipends and pre and post litigation employee settlements should be developed and approved by the Board to ensure consistent and fair implementation and use.
- Existing payroll and HR process documentation was in place, although it was stored in various locations. While it exists, we found several instances where Management was not following its own policies and procedures, most likely because they had not been trained on them and did not know where the documentation was archived.

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## **ENGAGEMENT METHODOLOGY**

For this engagement we reviewed the current practices within the human resources (HR) and payroll process of the University of California Hastings College of the Law (UCH or the College). We assisted Management in implementing the recommendations put forth in the December 2014 internal audit report. As such, we reviewed the control environment and activities in place to ensure roles and responsibilities for HR and payroll had been defined, and that standard policies and a defining a set of procedures and controls had been established. We re-assessed the design effectiveness of the HR and payroll process in place as of December 2015 to ensure complete accurate and valid maintenance and processing of HR records and payroll transactions. We provided more granular observations and outstanding action items, as documented in the table below. Then we assisted Management in creating an updated HR and payroll policy reflecting the current state of the process (see Appendix A) and created process flow charts for each sub-process (see Appendix B).

For the scope of our engagement, we revisited the progress of control design improvements implemented relevant to the following sub-processes:

- Onboarding and off-boarding of employees
- Updating and maintaining the employee master file
- Entering and processing period transactions, current and retroactive
- Processing and review of payroll runs
- Posting and reviewing the payroll entries into the accounting system

This engagement included over 30 hours of collaborative working sessions with members of senior management of HR and Payroll, key managers and staff (see Appendix C), review of UCH documentation, including the policies and procedures (see Appendix D), observation or discussions on certain transactions within the audit scope specified above. Specifically, the following procedures were completed:

- Examined existing shelf documentation (e.g., narratives, prior audit reports, policies and procedures, etc.) the organization had developed regarding data governance processes, policies and standards.
- Examined the controls and activities implemented and those in the process of being implemented by Management to minimize the inherent process risks.
- Identified and documented existing controls related to a those risks.

- Conducted interviews with process owners, key managers and staff to determine whether additional risks had been omitted and whether the audit objectives above had been met.
- Identified and recommended enhancements to existing controls to help ensure that practices were in alignment with the objectives of those charged with governance.
- Analyzed Management's activities to monitor and minimize the relevant risk.
- Performed a cursory walkthrough of the relevant process in order to evaluate the effectiveness of the control design in meeting the audit risks and the control objectives.
- Documented additional observations that may or may not have been within the scope of the audit but are meant to add value and recommendations on good practices to Management (see table below.)

It should be recognized that internal controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with Management's intentions. There are inherent limitations that should be recognized in considering the potential effectiveness of any system of controls. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes in judgment, carelessness or other personnel factors. Internal control procedures can be circumvented either with respect to the execution and recording of transactions, or with respect to the estimates and judgments required in the processing of data.

Further, the projection of any evaluation of an internal control process to future periods is subject to the risks that internal control procedures may become inadequate because of changes in conditions, and that the degree of compliance with the procedures may deteriorate.

This engagement was performed in accordance with the Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we provide no opinion, attestation or other form of assurance with respect to our work or the information upon which our work is based. The procedures performed do not constitute an examination in accordance with generally accepted auditing standards or attestation standards. This report was developed based on information from our interviews with employees and our analysis of sampled documentation.

### **OBSERVATIONS AND MANAGEMENT ACTION ITEMS**

The detailed observations and Management action items below address opportunities for UCH to improve the design of HR and Payroll process controls based on the working sessions with Management. We considered the design effectiveness of these action items in the HR and Payroll process to sufficiently address the observation requiring remedy for this process.

<b>Obs No.</b>	<b>Observation</b>	<b>Management Action Item</b>
1	Data entered into the Payroll Personnel System (PPS) is not consistently reviewed for accuracy and/or proper authorization. This includes entries made to edit employee compensation and database records as well as the monthly pay transactions (i.e., overtime, leave-without-pay, stipends, retroactive pay.)	To ensure all changes to an employee's EDB or pay record are written, justified and authorized by the employee's supervisor, supervisors should review information entered into PPS by having Personnel Action Notification (PAN) notifications sent to them. All entries made by HR personnel should be reviewed and approved by an HR supervisor; all entries made by the Payroll Accountant on the time reporting/time roster should be independently reviewed by the Fiscal Supervisor.
2	There is no automated system to track the workflow for most employees (other than adjunct faculty) so there is a potential to have delays collecting all required forms, which can in turn cause delays processing payroll for those individuals. There is also the potential for established policies and procedures to be by-passed.	Implement an automated workflow utilizing Salesforce. Although IT resources are limited, we recommend a one-time funding allocation be made and a consultant or temporary employee be hired to work on this project. We suggest the Directors of HR and IT oversee the implementation of this recommendation.
3	The expiration dates of limited term appointments are not always reviewed in a timely fashion, which may cause delays in payment as employees continue to work. This can also lead to additional processing work for HR and Payroll and payments in excess of budget as it may indicate a lack of labor cost control.	Supervisors should manage their employees' appointments. A procedure used to be in place whereby all student employees had a default appointment expiration date of 5/31/xx – unless specified earlier by the hiring supervisor. We recommend this procedure be reinstated. Returning to this practice would minimize the number of inactive appointments. Additionally, HR should utilize the expiration report out of PPS to monitor for expiring appointments to remind supervisors. We also recommend refresh training for all supervisors on UCH employment practices and guidelines. We suggest the Director of HR and the Academic Dean's office oversee the implementation of this recommendation.



**University of California Hastings – Human Resources and Payroll Consulting Project**

<b>Obs No.</b>	<b>Observation</b>	<b>Management Action Item</b>
4	The hiring process for staff is not formally documented, and there is no comprehensive checklist or workflow on required activities. Hiring staff, such as managers and supervisors, have not been provided with a formally defined set of activities to onboard new employees, resulting in administratively cumbersome follow-up by HR on missed or incomplete items, as well as retroactive pay transactions and delayed payments for employees.	Implement an automated workflow utilizing Salesforce to define the hiring process. We suggest the Director of HR oversee the implementation of this recommendation.
5	The process of establishing and modifying employee benefits is decentralized with activities split between HR and Payroll. The initial enrollment and subsequent changes are managed by Payroll but the interaction for employee counseling is with HR.	All benefit administration in PPS and benefit counselling should be centralized with HR. Management will also review the most effective method to reconcile and pay the monthly benefit payment to the centralized UC payroll system.
6	The authorization for stipends are not clearly communicated timely to HR and Payroll in terms of amount, type, length of time, eligibility, justification, authorization levels (i.e., Faculty, Staff and College Officers) funding source, payment schedule, etc. This causes errors in employee's pay, possible errors in retirement coverage, retroactive pay adjustments and other delays processing payroll.	Establish a formal Stipend Policy to define why UCH uses stipends, the amount of stipends authorized (i.e., stipends above a certain % or amount should be approved by the Board) and the length of the stipend and whether it is subject to retirement covered compensation. We suggest the Director of HR lead the development of this policy for the Board's approval.
7	Pay adjustments are not always communicated timely to HR and Payroll, nor properly authorized. This causes errors in employee's pay, retroactive pay adjustments and other delays processing payroll. Further, it is often unclear the type of pay adjustments (i.e., grievance, reclassification, etc.) which is needed to ensure proper accounting and retirement coverage.	Establish an automated workflow in Salesforce to communicate and document changes in pay and their approval. We suggest the Director of HR lead the development of this workflow.

Obs No.	Observation	Management Action Item
8	Changes related to compensation, terminations, new hires are submitted manually to the budget office by HR. This is a duty HR is charged with when they do not always have the first-hand knowledge of the budget impact to the department of such transactions.	We recommend supervisors, department heads, and budget managers notify the budget office directly of these changes. Additionally, PAN notifications can also be sent to the Budget Officer to notify of personnel changes made in PPS. This will alert the Budget Officer to changes which may have a possible budget implication, facilitating budget adjustments that may be needed. We suggest the Budget Officer lead the implementation of this process, specifically, training department heads on when revised cost sheets are to be issued and how to calculate the revised costs needed for budget adjustments.
9	Terminations and resignations are not always communicated timely to HR by the employee or supervisor.	When employees are terminated or resign, supervisors should formally notify HR so that proper actions can be made to terminate employees from applicable systems. This will ensure employees are paid correctly through their separation and if applicable, properly transition to retirement status. It will also facilitate a proper off-boarding of the employee. We suggest the Director of HR establish the SOP for this process.
10	There is a paper “3 Signature” (3S) form required of HR to document rate changes. Currently, HR tracks and secures signatures on behalf of the supervisor. Accountability as to who should sign the form for each type of transaction, which requires approval, has not been established.	Establish proper authorizations required for each type of rate change request and implement an automated workflow utilizing Salesforce to expedite the 3S form and record approvals. We suggest the Director of HR oversee the implementation of this recommendation.
11	Current division of duties between HR and payroll is sufficient but not in alignment with best practices of an ideal internal control environment. Further, the current workflows are inefficient.	There should be a reallocation of duties between HR and Payroll. For example, we recommend HR be responsible for entering all new hires and re-hires into PPS. HR should be responsible for establishing all benefits, making benefit changes. Payroll should be responsible for all PPS changes related to compensation, including funding source (i.e., gl code) changes. If possible, implement a Salesforce workflow. The Director of HR and the Controller should work together to define and implement this policy.

<b>Obs No.</b>	<b>Observation</b>	<b>Management Action Item</b>
12	Mass compensation changes approved by the Board are not always timely communicated to HR and Payroll for implementation and frequently lack necessary details to implement (i.e., effective date.) Further, the authority cited by the Board for the action is not received timely.	Board-approved documents should include specific information such as effective date, eligibility criteria (i.e., date of employment, type of employee, permanent versus temporary, separated, etc.) and then be timely distributed with the approved Resolution of such compensation changes to both HR and Payroll to ensure such compensation changes are properly documented and authorized, reflecting the Board's decisions.
13	The College does not have an established policy on employee settlements, promotions, and reclassifications. Such a policy is recommended to provide staff guidelines on the acceptable parameters and denoting who has the authority to approve such transactions.	Develop a policy on employee settlements, promotions, and reclassifications, defining broad parameters and authority. We suggest this policy be drafted by the Director of HR for the Board's review.
14	No formal training program for new supervisors and department heads exists on how to recruit, hire, pay and manage labor budgets.	Develop a training program for new supervisors and department heads. These training materials should be published in a searchable knowledge bases with 'how to' guides. This allows for a user friendly system to search for workflows and provides a tool for easily keeping the information current. We recommend the Director of HR create a "New Manager Orientation Committee" for this purpose consisting of the Controller, the Budget Officer and other department heads who can help orient new managers to the College.
15	The Payroll sections of the Financial Policy and Procedure Manual and the Staff Handbook are outdated.	Update both documents to reflect the policy statements developed by Management, as well as current laws and regulations. These documents should be distributed to staff and Management. The procedures and workflows should be developed, using Salesforce when possible, to ensure the policies are standardized and consistently followed. We suggest the Controller and Director of HR lead this effort and prepare the revised policies for the Board's review.

<b>Obs No.</b>	<b>Observation</b>	<b>Management Action Item</b>
16	Changes made by Payroll in the Online Time Roster/Timesheet are not logged or reported via a PAN or other exception report. Currently, these changes are only reviewed for accuracy by the person inputting the data. This lack of independent review of work does not provide adequate internal controls to protect the College from intentional or unintentional errors. Opportunity for errors or irregularities (including fraud) to be processed and not detected is high.	Implement monitoring controls such that the changes to the time roster are reviewed for proper authorization and accuracy by someone other than the Payroll Accountant (or the person entering the time roster changes). Additionally, review the payroll audit reports for the impact such changes had on the respective employee's pay for that pay period. These reviews should be made immediately following the payroll compute so that any errors found can be corrected before payday.
17	The College lacks certain preventive controls and monitoring controls using budget to actual information in order to ensure that payroll runs are materially correct. Monitoring controls that should be implemented to provide the College with a strong internal control system over its payroll and labor cost include: 1) a comparative analysis of the MO cycle current month's pay to the prior month's pay to identify, verify and document large variances; 2) department payroll audits which would include requiring all employees to sign a department roster and present a valid ID; 3) verification of the HR records for existence and proper authorization for employees in the selected department; and 4) review of current pay rates by the supervisor of the department's employees and a budget-to-actual variance analysis performed by the Budget Officer for the selected department. Preventive controls and monitoring controls should be implemented to provide the College with a strong internal control system over its payroll and labor cost.	Preventive controls and monitoring controls should be implemented to provide the College with a strong internal control system over its payroll and labor cost.

Obs No.	Observation	Management Action Item
18	The budget process was a recurring theme throughout the policy review process as being an onerous process needing effective and efficient modification to support current HR and payroll activities. Current industry best practices in establishing and updating the budget could be leveraged to make the process more effectively and value added.	Consider reengineering the budget process in alignment with best practices.

**APPENDIX A – DRAFT HR AND PAYROLL POLICY**

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**APPENDIX B – DRAFT PROCESS FLOW CHARTS**

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## **APPENDIX C – DOCUMENTS REVIEWED**

The documents listed below were reviewed during the risk assessment and considered in conducting the interviews:

- 01 PBC - Budgeting Process Salaries and Benefits v10.2.2014.pdf
- 01 PBC - Compensation Adjustments v12.12.2013.pdf
- 02 PBC - Comp Time Payout.docx
- 02 PBC - Employees Listing 10.1.2013 - 9.30.2014.xls
- 03 PBC - Desk Manual - HR Asst Dec 09.doc
- 03 PBC - Executive Director of HR Position Description 2005.pdf
- 04 PBC - Exit Packet Checklist - Staff and Faculty.docx
- 04 PBC - FacultyTypes v9.9.2013.pdf
- 04\_FY15\_Payroll\_OCT15.xlsx
- 05 PBC - Exit Process for Temporary Employees.docx
- 05 PBC - HR Generalist Position Description 2013.pdf
- 06 PBC - Faculty Chairs.docx
- 06 PBC - HR Position Descriptions v9.25.2013.pdf
- 07 PBC - Faculty Salary Information v10.3.2014.docx
- 07 PBC HR Senior Administrative Assistant Position Description 2013.pdf
- 08 PBC - Human Resources Analyst Position Description 2013.pdf
- 08 PBC - New Hire Folder Creation (PAF) - SOP.doc
- 09 PBC - Org Chart - Departments September 2014.pdf
- 09 PBC - Payroll Internal Control v6.30.2014.docx
- 10 PBC - Payroll Accountant Position Description 2014.pdf
- 10 PBC - Payroll Steps.xlsx
- 11 PBC - Payroll Coordination Position Description 1999.pdf
- 11 PBC - Student Employment - Standard Operating Procedures.docx
- 12 PBC - Payroll Manager Position Description 2014.pdf
- 12 PBC - Terminating a Temp.docx
- 13 PBC - Principial HR Analyst Desk Manual vJune 2010.pdf
- 14 PBC - Report by the Auditor General of CA October 1986.pdf
- 15 PBC - SF Weekly 9.9.2014.pdf
- 16 PBC - UC Hastings - SF Daily Journal J.8.11.14.pdf
- 17 PBC - UC Hastings - MA Notes 9.30.2014.pdf
- 18 PBC - UC Hastings AU-C 260 and 265 Letters 6.30.2012.pdf
- 19 PBC - UC Hastings AU-C 260 and 265 Letters 6.30.2013.pdf
- 20 PBC - UC Hastings Audited Financial Statements 6.30.12 & 6.30.11.pdf
- 2014-15 Salary-Benefit Budget Cost Sheet Sample.xlsx
- 2015-16 Salary-Benefit Budget Sample.xlsx
- 2015-2016 Faculty Salary Step System (2015-27-5 MB).xlsx
- 2015\_Hastings Final AUC Rpt 2015.pdf
- 2015\_Investment Policy Certification Ltr - 2015 Final 1030.pdf
- 2015\_Report Single Final 1104.pdf



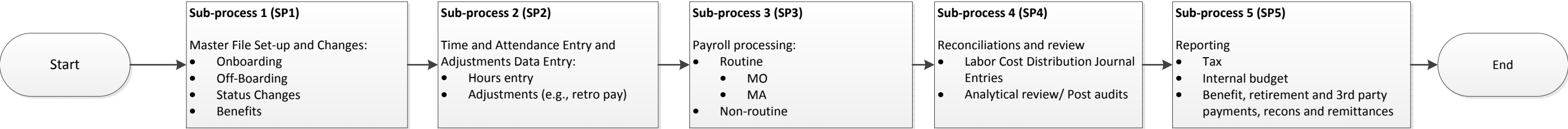
- 2015\_UC Hastings FS Final 1030.pdf
- 21 PBC - UC Hastings Audited Financial Statements 6.30.13 & 6.30.12.pdf
- 22 PBC - Whistleblower Notice v9.5.2014.pdf
- 23 PBC - Whistleblower Policy v9.5.2014.pdf
- 24 PBC - Budget Managers - Screen Shot Displays.docx
- 25 PBC - ADJUNCT PAYROLL FY15 10-3-14.xlsx
- 26 PBC - PAR Reconciliation\_Aug14 to Sep14.xlsx
- 27 PBC - Hastings AUC Rpt 2014 Final 1030.pdf
- 28 PBC - UC Hastings FS Final 1030.pdf
- 3SignatureApproval.docx
- Account History Report 12.15.15.pdf
- Accounting Manager Job Description Nov 2015.pdf
- Accounting Manager Nov 2015.pdf
- Budgeting Salaries.pdf
- Contract Flowchart 2014 Salesforce.xlsx
- Copy of Student\_Employment\_Guide\_15-15.docx.docx
- HR PR Assessment-Project Chart.xlsx
- HROrgChart.pdf
- I\_PBC FS-06j\_Payroll Risk Assessment FY15.rtf
- Org\_Chart-Controller.pdf
- PAF - Personnel Action Form.pdf
- Payroll Desk Manual-1-Introduction.pdf
- Payroll Desk Manual-10-Taxes.pdf
- Payroll Desk Manual-11-Manual Checks.pdf
- Payroll Desk Manual-2-Payroll Procedures.pdf
- Payroll Desk Manual-3-Human Resources.pdf
- Payroll Desk Manual-4-Payroll Cycle.pdf
- Payroll Desk Manual-5-System Structure.pdf
- Payroll Desk Manual-6-Data Entry.pdf
- Payroll Desk Manual-7-On Line Help.pdf
- Payroll Desk Manual-8-System Messages.pdf
- Payroll Desk Manual-9-Payroll Entries.pdf
- Payroll Desk Manuel-12-Payroll Journal.pdf
- Policies and Procedures Over Payroll - MA Version.doc
- PPS Report-Notice of Expiring Appointments.pdf
- print.txt
- Project One-Sheet.docx
- Request to Hire Accounting Manager - Signed.pdf
- Salesforce- Adjunct Contract Process.pdf
- Salesforce-Project Plans.pdf
- Salesforce-Student Employee Process.pdf
- Section 12 Payroll.doc
- Student\_Employment\_Guide\_15-15.docx.docx
- Student\_Employment\_Guide\_15-15.pdf
- Time Sheet Instructions.pdf
- Time Sheet.pdf

**APPENDIX D – PERSONNEL INTERVIEWED**

The following individuals were interviewed as part of the assessment process:

Name	Title
Carol Cole	Budget Officer
Deborah Tran	Controller
Dee Dee Molina	HR Senior Admin Assistant
Frank Wu	Former Chancellor and Dean
Maria Burgos	Manager of Faculty Support Services
Robert Pettit	Executive Director, Human Resources
Sandy Lei	Payroll Accountant
Sheryl Koga	Consultant

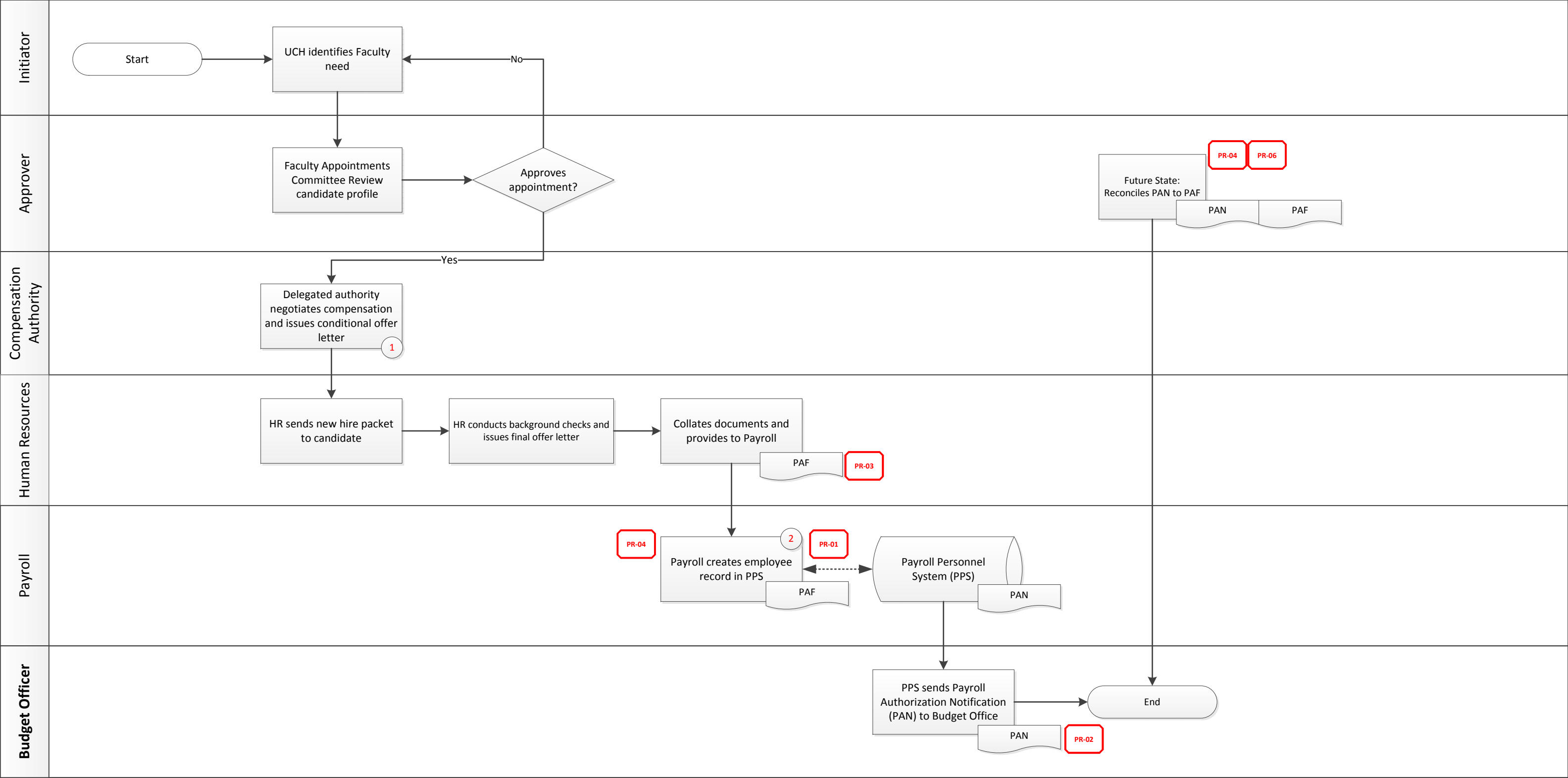
See UC Hastings HR and Payroll Process Policy for process details



Notes

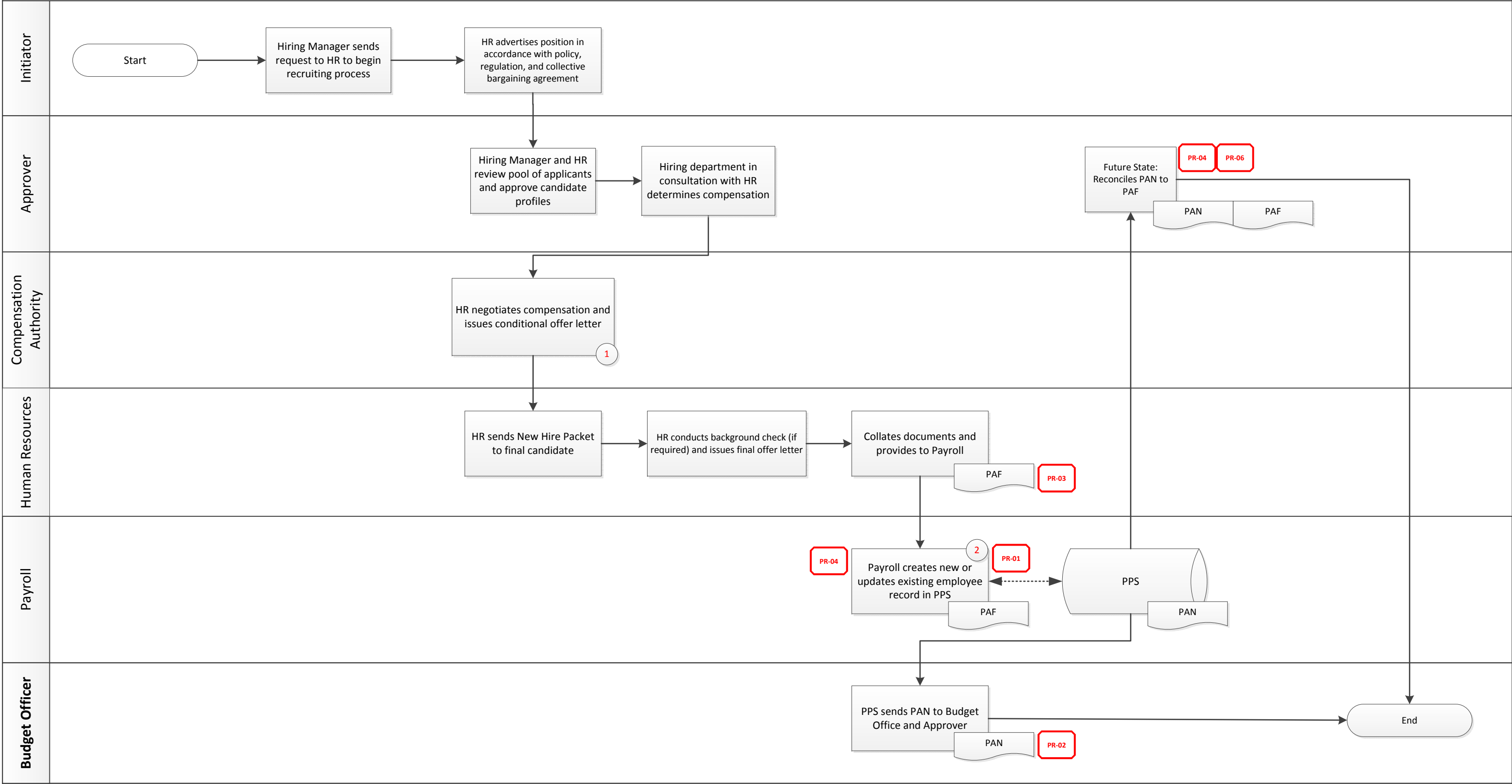
Process Controls from the UC Hastings HR and Payroll Process Policy

- PR-01: Employees are not permitted to begin working until all required on-boarding employment documents are completed. Supervisors can authorize employees to begin working once he/she has completed the required employment documents in HR, specifically, the United States Citizenship and Immigration Services (USCIS) I-9 form and the State Oath of Allegiance. Allowing employees to begin working prior to these documents being completed, puts the College at risk of violating Federal and State employment and immigration laws. See the HR website for a complete list of employment forms new employees must complete prior to their first day of work. NOTE: this also applies to faculty who supervise student employees. HR confirms when the employee can begin working.
- PR-02: All departments submit annual budgets at the beginning of each fiscal year. This includes the budget for labor cost over the course of the year, all changes affecting departmental budgets relevant to HR and payroll (i.e., hiring, changes to pay, and changes to FTE) require the department to obtain prior approval for defined personnel actions, communicate changes to HR and the budget office prior to the change. After the change, a PAN is emailed to the Budget Office, department, payroll and HR to ensure the change has been captured. The Department Head should confirm the change in the respective budget. (PROPOSED RECOMMENDATION)
- PR-03:All changes to employee HR and payroll information must be supported by properly approved documentation, which should be a memo including the following: description of the change; justification for the change; account number associated with the change; effective date and/or duration of the change. The memo must be signed by the department head and submitted to HR prior to the change occurring. (PROPOSED RECOMMENDATION is to utilize an e-form, preferably in Salesforce.)
- PR-04:All changes to HR and payroll information must be independently changed and reviewed in the system of record, such that the person making the change is not the same person reviewing the change. HR is responsible for producing the documentation required to recruit, hire, change status or terminate an employee, along with any compensation changes. HR will consult with the Department Head on any change which may be required to the employee’s benefits as a result of the compensation change. This information is provided to Payroll via the “PAF Form” for the actual inputting to the payroll system. Department Heads must be mindful of the payroll processing calendar. Adjustments missing the current month’s processing cycle will be processed in the next cycle. Off-cycle adjustments will not be made.
- PR-05:The College uses the University of California Payroll Personnel System (PPS) which maintains an employee database of current authorized compensation and calculates and issues pay to employees via paper checks or direct deposit. The UC payroll system produces the reports and other information needed for the College to pay and file all monthly, quarterly and year-end payroll tax returns. The Payroll Accountant is responsible for this. The Payroll Accountant also reconciles and remits the monthly benefit premiums and retirement contributions, the employee's respective share and contributions and third party payments (i.e., garnishments, payments to California Casualty and Golden One). The tasks which need to be complete are listed on the payroll monthly processing calendar.
- PR-06:All changes made to employee HR and payroll information in the Payroll system must be reconciled/agreed to the supporting document subsequent to the change occurring. Reconciliation should be documented, dated and initialed by the person completing the audit. Final responsibility for ensuring the accuracy of information rests with the auditing party.
- PR-07:All new staff positions and increases in FTEs require approval from the Department Head, the Division Head, the Cabinet, and the Board of Directors prior to hiring and filling the position.
- PR-08:Hourly paid employees use a time sheet to report hours worked. Career, exempt and non-exempt, are currently paid by exception payroll. NOTE: The College plans to transfer non-exempt career employees to a bi-weekly pay cycle which requires positive time reporting. Supervisors review and sign timesheets to ensure the hours reported are correctly stated and coded. Timesheets are should also be completed and approved by Supervisors when a stipend or one-time payment is requested by the employee.



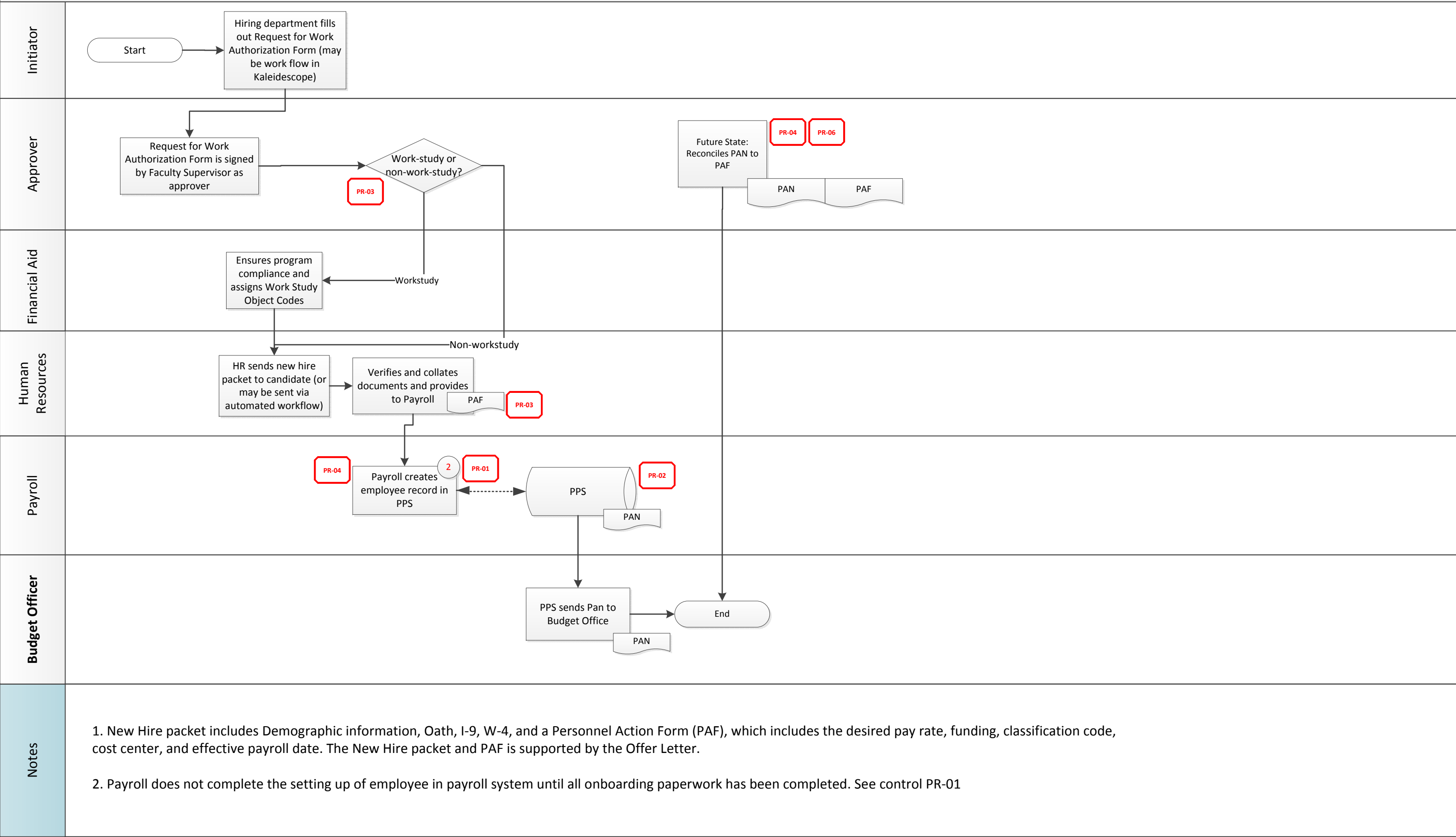
1. New Hire packet includes Demographic information, Oath, I-9, W-4, and a Personnel Action Form (PAF), which includes the desired pay rate, funding, classification code, cost center, and effective payroll date. The New Hire packet and PAF is supported by the Offer Letter.
2. Payroll does not complete the setting up of employee in payroll system until all onboarding paperwork has been completed. See control PR-01

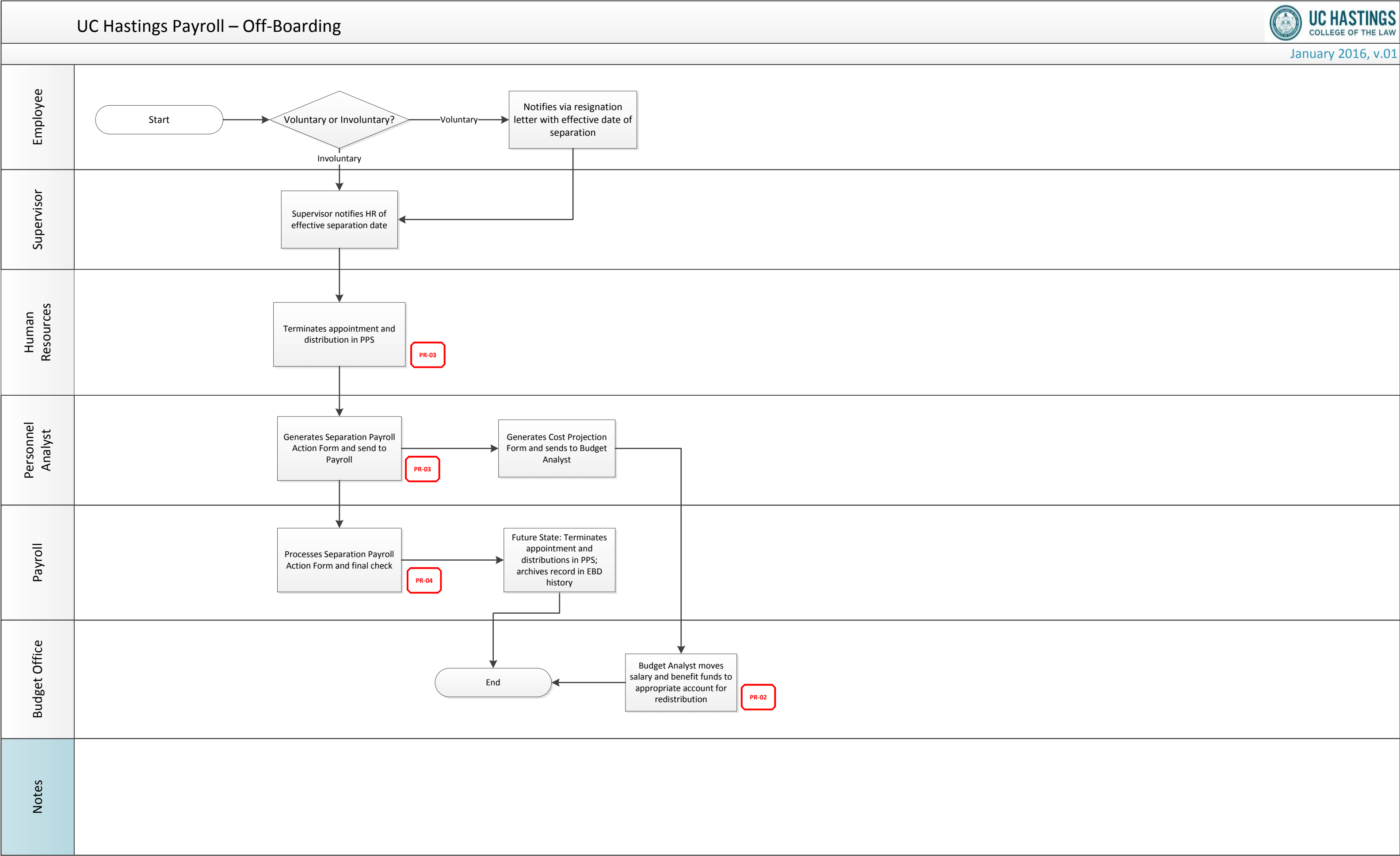
UC Hastings Payroll – Onboarding (Staff Employees)

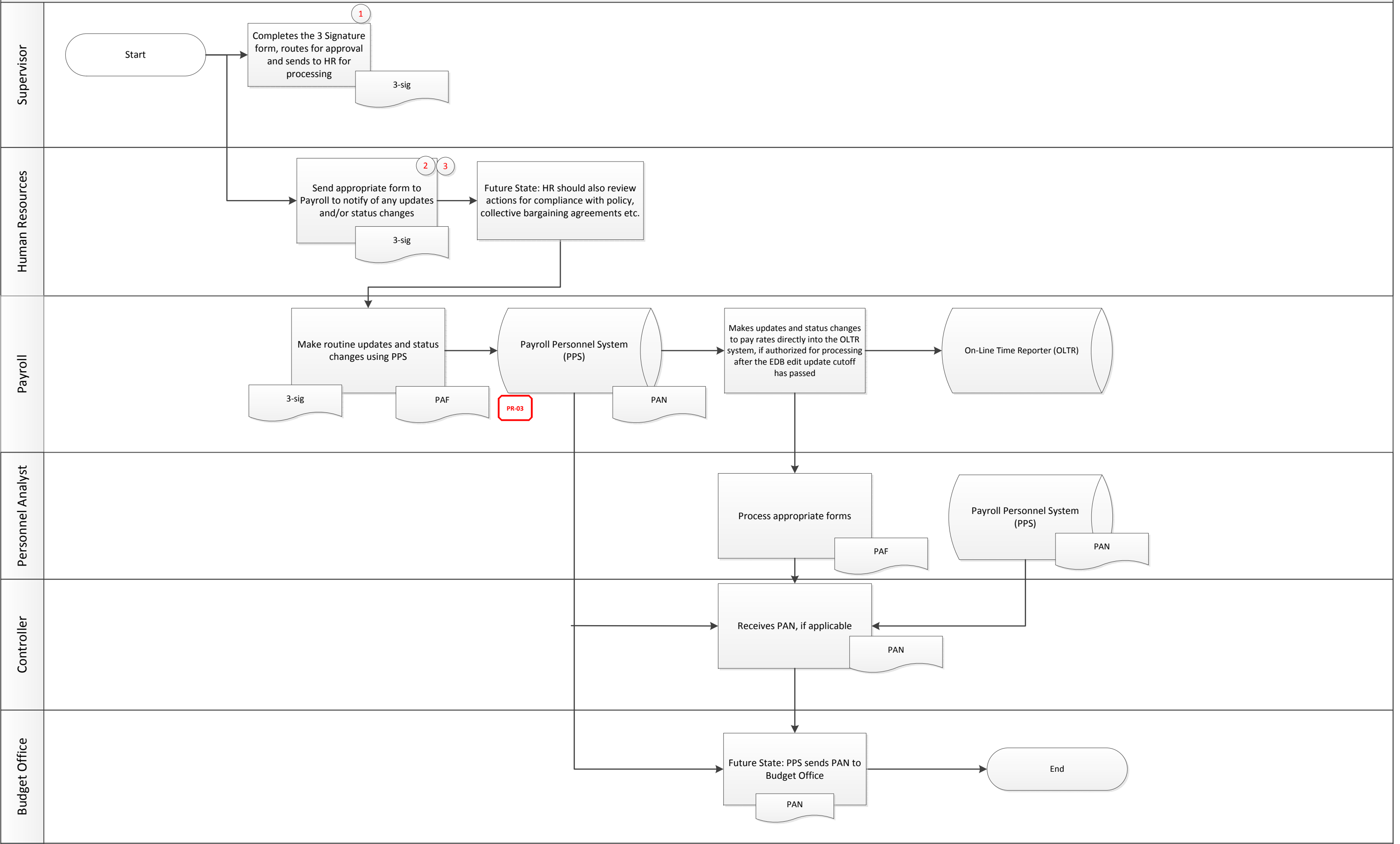


1. New Hire packet includes Demographic information, Oath, I-9, W-4, and a Personnel Action Form (PAF), which includes the desired pay rate, funding, classification code, cost center, and effective payroll date. The New Hire packet and PAF is supported by the Offer Letter.
2. Payroll does not complete the setting up of employee in payroll system until all onboarding paperwork has been completed. See control PR-01

UC Hastings Payroll – Onboarding (Student Employees)



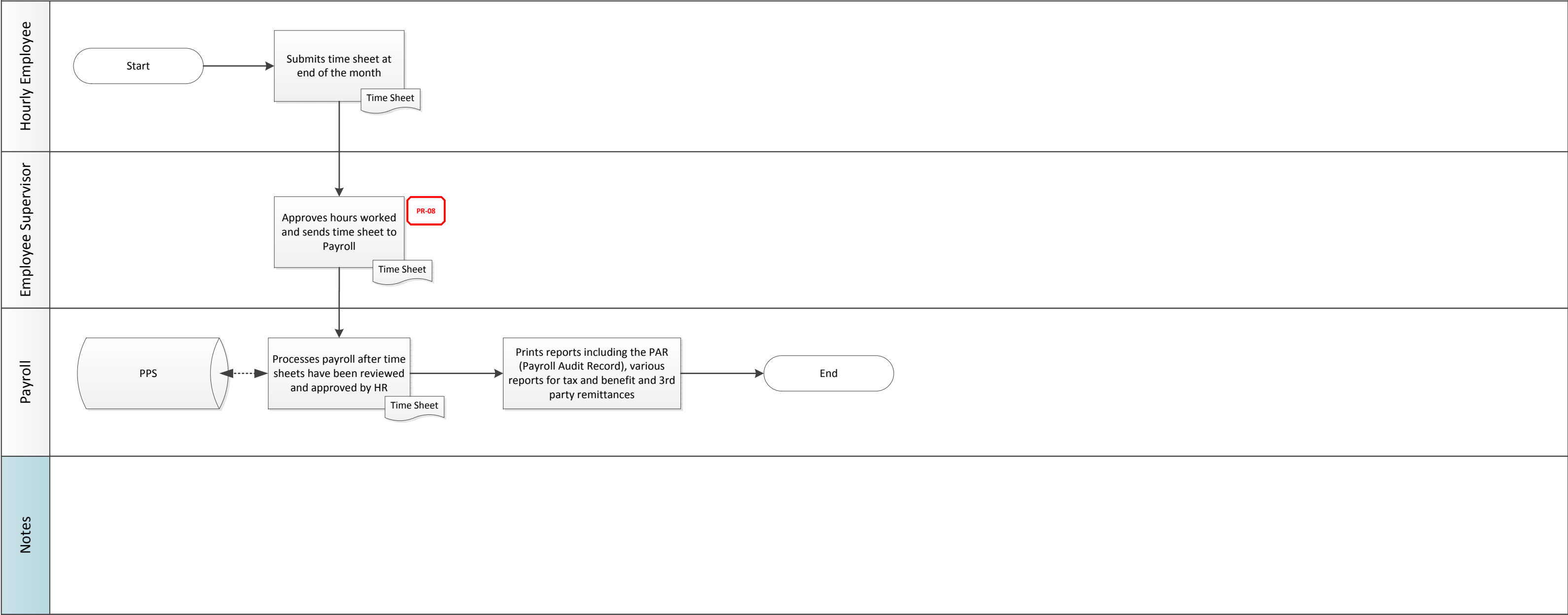


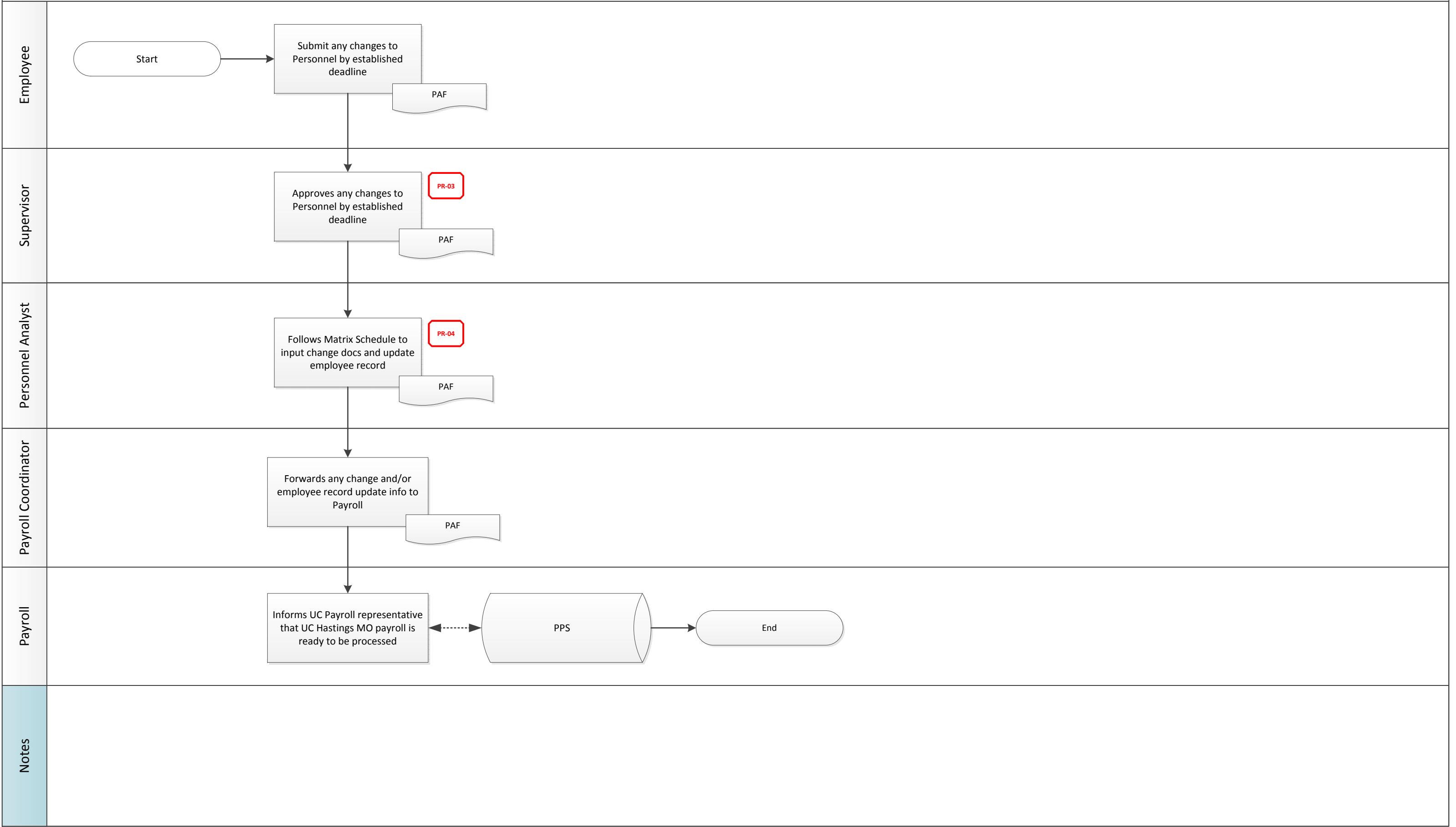


**Notes**

1. HR will start the process in lieu of the supervisor when there are mass rate changes (i.e., general salary increases; one-time bonus payments).
2. Per the Matrix schedule in the payroll policy document, some changes are processed by HR and some by the payroll department.
3. Examples of such status changes: Retro-active compensation changes due to reclassifications; stipend payments; overtime; shift differential and Officer in Charge (OIC) pay.



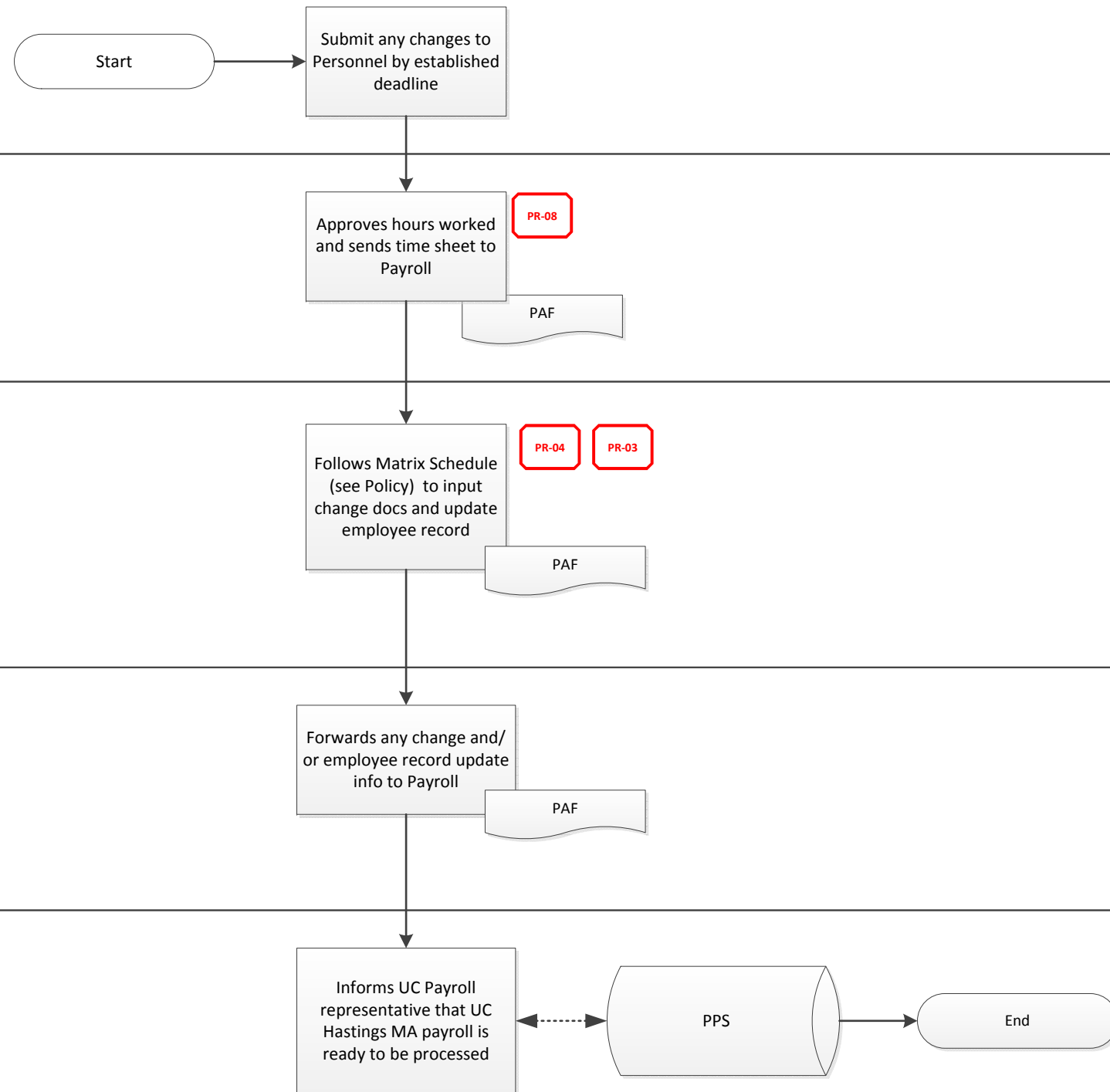




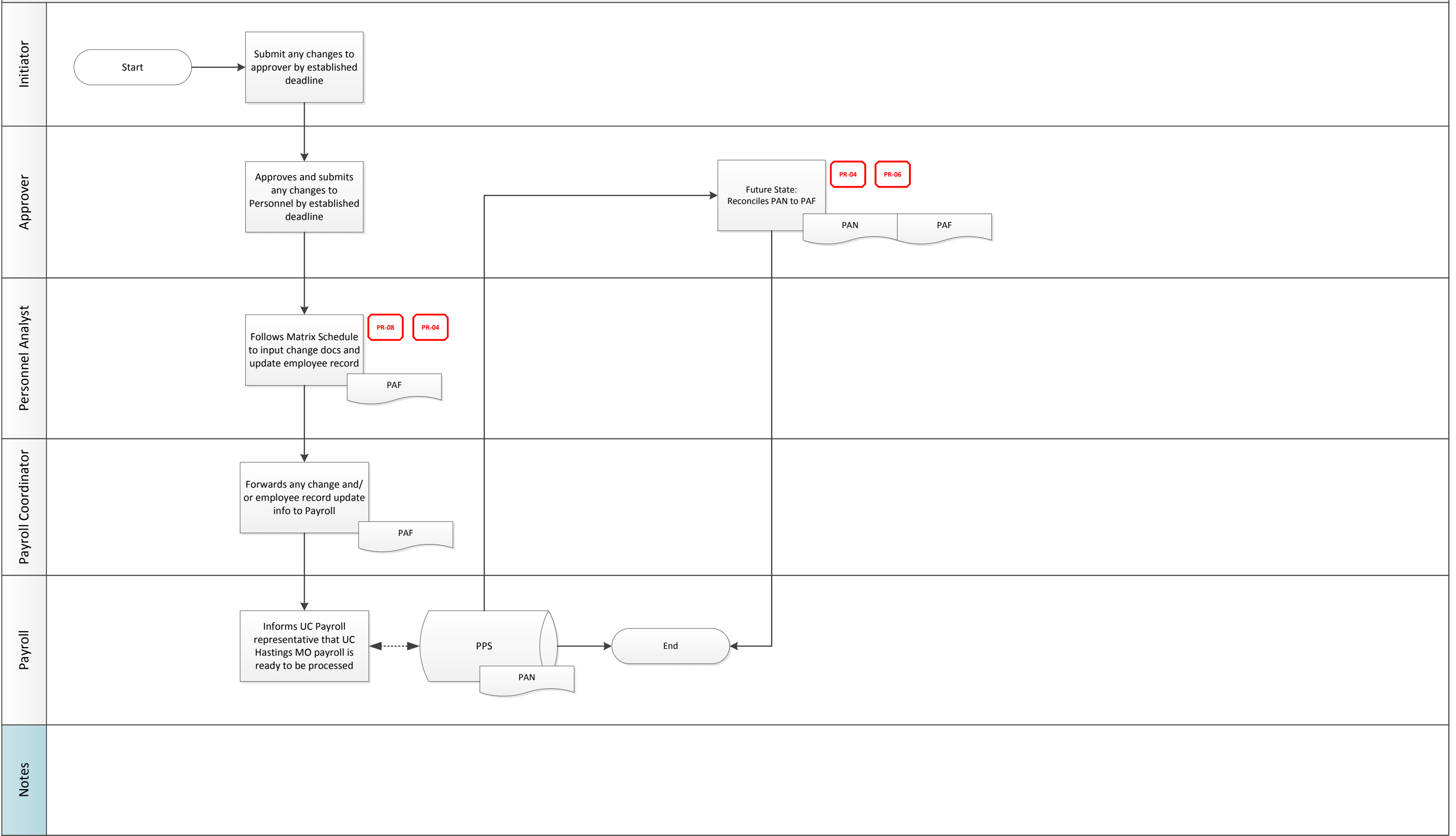
## UC Hastings Payroll – MA Payroll Processing

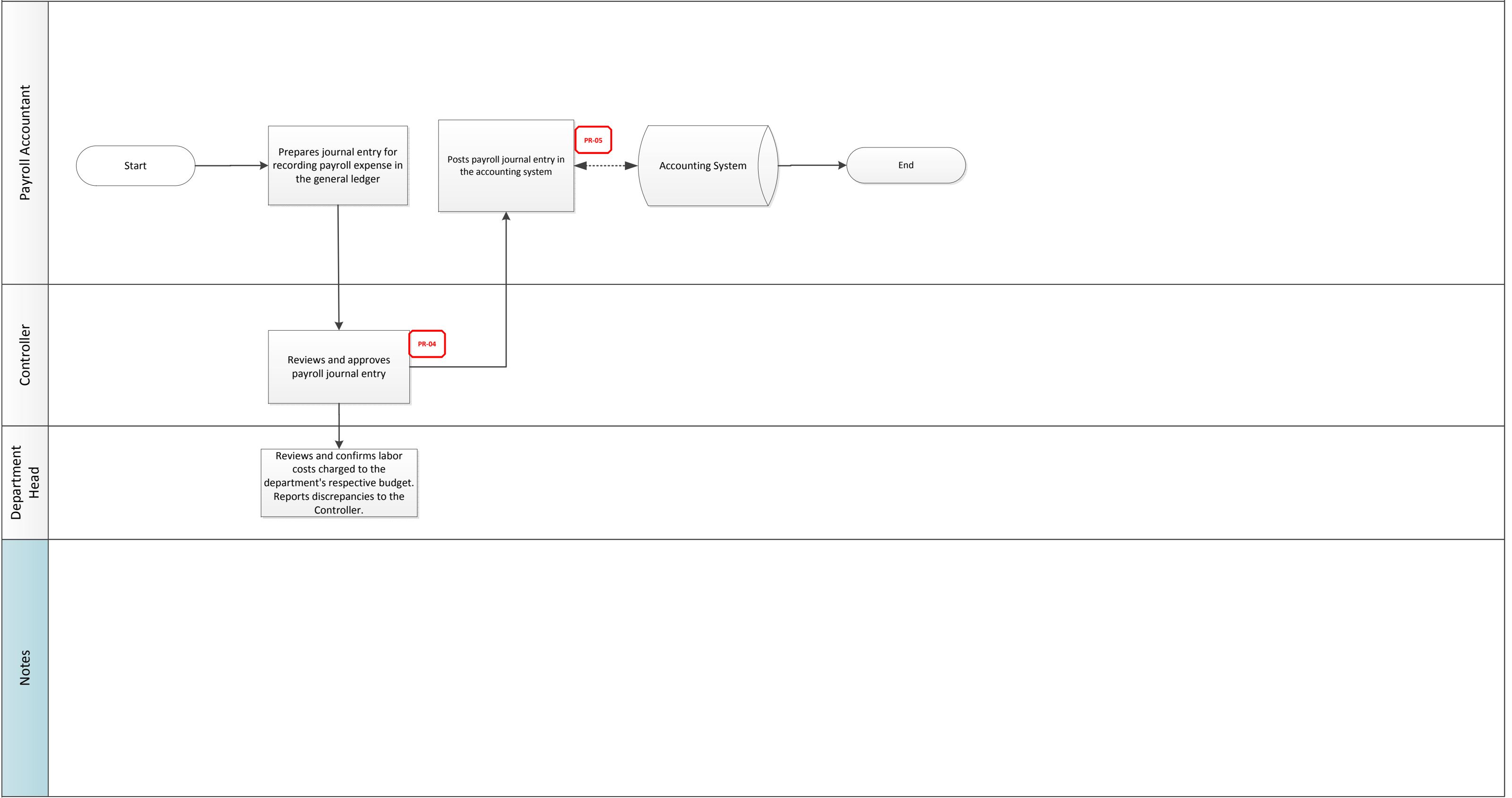


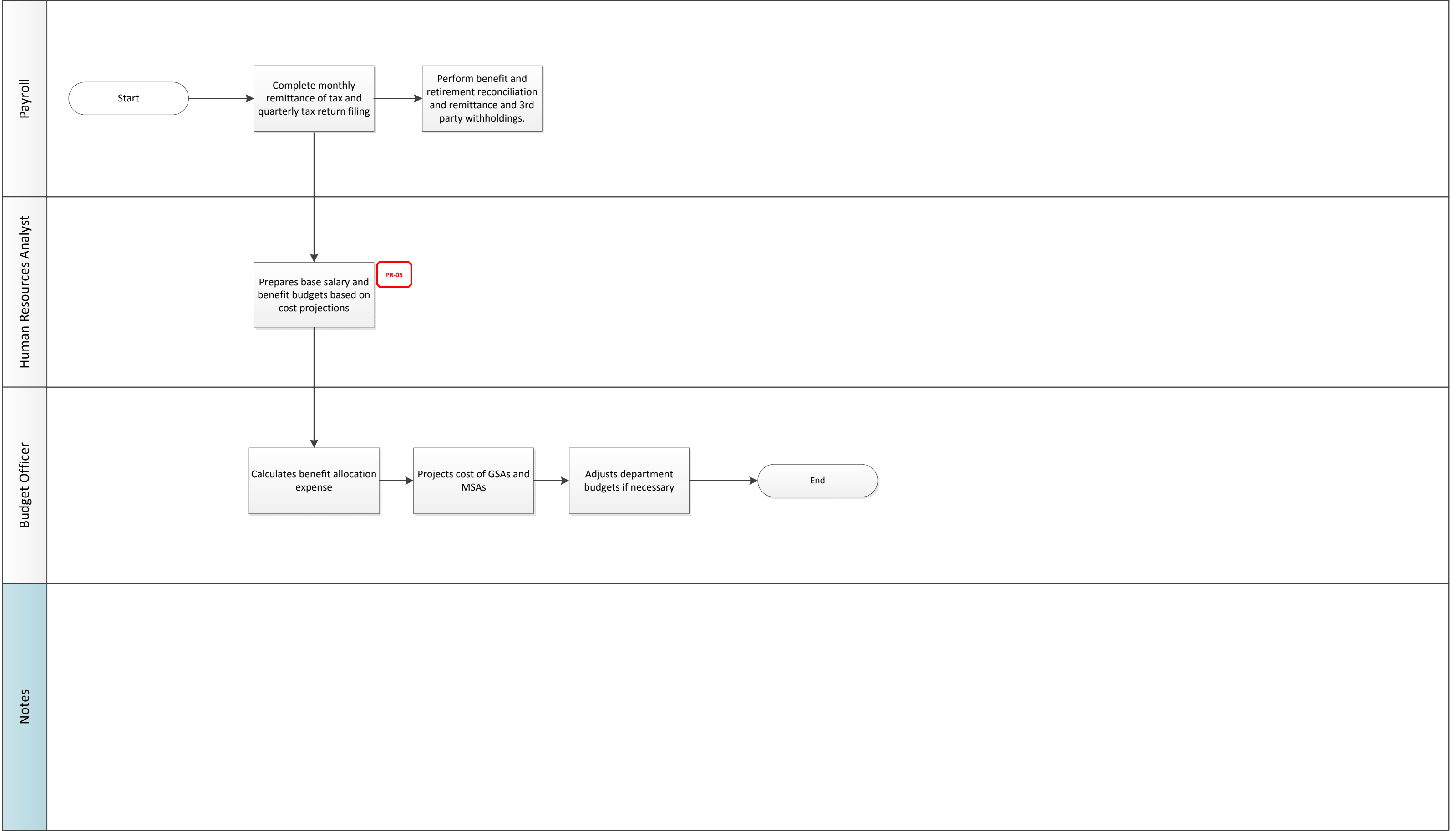
January 2016, v.01





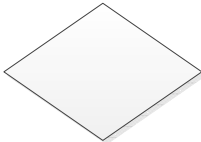





## Notes







# LEGEND

	Start/Stop: Begins or ends a process or sub process.
	Document: A physical (hard copy) or electronic (soft copy) document
	Decision: Binary yes/no question
	Process: Process being performed by UC Hastings employees.
	IT System
	External Process: Refers to a process described in a separate document as labeled.
	External Provider: Entity outside of company receiving or providing information as labeled
	Control activity

**REPORT ITEM**

- 1. REPORT BY:** Acting Chancellor & Dean David L. Faigman
- 2. SUBJECT:** Report of the Chancellor & Dean
- 3. REPORT:** Oral

10.3 Report on Action Taken in Closed Session Regarding Gifts and Appointments



**REPORT ITEM**

- 1. REPORT BY:** Acting Chancellor & Dean David L. Faigman
- 2. SUBJECT:** Report of the Chancellor & Dean
- 3. REPORT:** Oral

10.4 Other Informational Items: Academic Programs, Student Services, External Relations and Personnel

**REPORT ITEM**

- 1. REPORT BY:** General Counsel Elise Traynum
- 2. SUBJECT:** Report of the General Counsel

- |   |           |
|---|-----------|
| *11.1 Request to set New Date for the June Board of Directors Meeting | (Written) |
| 11.2 Report on 2016 Board of Director/Faculty Retreat                 | (Oral)    |

**REPORT ITEM**

**1. REPORT BY:** General Counsel Elise Traynum

**2. SUBJECT:** Report of the General Counsel

\*11.1 Request to set New Date for the June Board of Directors Meeting (Written)

The Chair requests that the Board change the June meeting date from June 3, 2016 to June 10<sup>th</sup> or June 17<sup>th</sup>. Your response is requested.

**REPORT ITEM**

**1. REPORT BY:** General Counsel Elise Traynum

**2. SUBJECT:** Report of the General Counsel

11.2 Report on 2016 Board of Director/Faculty Retreat (Oral)

DIRECTOR COMMENTS AND BOARD ANNOUNCEMENTS

This is a time reserved for Directors who wish to briefly comment on Board matters, provide a reference to staff or other resources for factual information, or direct staff to place items on future agenda.

THE BOARD WILL GO INTO CLOSED SESSION AT APPROXIMATELY 11:00 A.M.

The Board will adjourn to the closed session to consider the items listed on the Closed Session Agenda. At the conclusion of the Closed Session, the Board will reconvene the Open Meeting prior to adjourning the meeting, to report on any actions taken in Closed Session for which a report is required by law.

**OPEN BOARD OF DIRECTORS MEETING**

**ACTION ITEM:**

**\*14. ADJOURNMENT**

The meeting was adjourned at \_\_\_\_:\_\_\_\_